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Dec. 20, 1977

Official Statement and Bond Resolutions

no slip

Community Redevelopment Agency of the City of Compton

Los Angeles County, California

*Compton - Economic cond.
" - City planning
Bonds - Cal. - Compton
Industrial districts - Finance -
California - Compton*

1978 WALNUT INDUSTRIAL
PARK PROJECT
TAX ALLOCATION BONDS
\$11,000,000

PRINCIPAL AMOUNT

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COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

Los Angeles County, California

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Executive Secretary*

Charles Davis, *City Clerk*

Wesley Sanders, Jr., *City Treasurer*

Mrs. Laverta Montgomery, *City Controller*

Clarence E. Blair, *City Attorney and Agency
General Counsel*

SPECIAL SERVICES

Bond Counsel

Rutan & Tucker, *Santa Ana*

Stradling, Yocca, Carlson & Rauth, *Newport Beach*

Agency Special Counsel

Joseph E. Coomes, Jr., *Sacramento*

Redevelopment Fiscal and Administrative Consultant

James G. Magner, *Los Angeles*

Accountants for Project Area

Peat, Marwick, Mitchell & Co., *Los Angeles*

Financing Consultant

Hornblower, Weeks, Noyes & Trask Incorporated,
San Francisco

Fiscal Agent

United California Bank, *Los Angeles*

Paying Agents

The Northern Trust Company, *Chicago*

Manufacturers Hanover Trust Co., *New York*

THE DATE OF THIS OFFICIAL STATEMENT IS
DECEMBER 20, 1977

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THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON

December 20, 1977

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to furnish information regarding \$11,000,000 principal amount of tax allocation bonds to be issued by the Community Redevelopment Agency of the City of Compton to assist in financing its redevelopment project.

The material contained in this Official Statement was prepared by Hornblower, Weeks, Noyes & Trask Incorporated as Financing Consultants to and under the direction of the agency. All information contained in this Official Statement is gathered from sources believed to be reliable but the accuracy thereof is not guaranteed.

All of the following summaries of the Resolutions of Issuance, the Community Redevelopment Law, other applicable legislation, the Redevelopment Plan, and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the agency for further information in connection therewith. The covenants of the agency are fully set forth in the Resolutions of Issuance, and this Official Statement does not constitute a contract with purchasers of bonds. Any statements herein involving estimates and projections may or may not be realized. Any statements herein involving matters of opinion or estimates, whether or not so designated, are to be construed as provisional rather than factual.

The legal opinion of the bond counsel firm of Rutan & Tucker, Santa Ana, and Stradling, Yocca, Carlson & Rauth, Newport Beach, California will be furnished to the successful bidder at the time of delivery of the bonds, at the expense of the agency.

Hornblower, Weeks, Noyes & Trask Incorporated has acted as financing consultant to the agency concerning the currently offered bonds and in preparation of the Official Statement. Financing consultant's fee for services is contingent upon the sale and successful delivery of bonds.

Hornblower, Weeks, Noyes & Trask Incorporated may submit a bid for the bonds and, if it is the successful bidder, may purchase the bonds and resell all or a portion of the bonds to the public.

The execution and delivery of this Official Statement have been authorized by the agency.

s/Lionel B. Cade
Chairman

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Appendix A. Auditor's Report

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No dealer, broker, salesman or other person has been authorized by the Community Redevelopment Agency of the City of Compton to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the agency.

INTRODUCTION

The \$11,000,000 principal amount of 1978 Walnut Industrial Park Project, Tax Allocation Bonds to be issued by the Community Redevelopment Agency of the City of Compton ("the agency") are being sold in part to finance a new auto mall plaza, land acquisition, and site improvements. In addition, funds will be used to complete a police facility, install utilities, curbs, gutters, streets and other necessary improvements, and to assemble and improve properties to accommodate development within the project area, and to undertake other activities to complete the redevelopment plan ("the plan").

The agency was activated by the City Council of the City of Compton in 1967. The plan was adopted by ordinance of the city council in August 1973 and amended in July 1974 and November 1976. The plan is designed to enable the agency to eliminate and prevent the spread of blight in the project area. The agency issued \$10,000,000 principal amount of 1976 Walnut Industrial Park Project Tax Allocation Bonds to commence project activities.

The project area is located in the southernmost part of the city and consists chiefly of a new industrial park called the Los Angeles Industrial Center ("the center"). The center was previously being developed by Cabot, Cabot & Forbes until October 1976, when ownership passed to Cadillac Fairview. The operating and development policies of the new owner remain essentially the same as the previous owner's.

TABLE 1
ESSENTIAL FACTS

The Bonds	
Principal Amount	\$11,000,000
Maturities	1979-2003
Denominations	5,000
Average life (years)	16.65
Bond years	183,110
Maturities callable 1988 or after	1989-2003
Maximum coupon rate	8%
Maximum coupon spread	2%
Agency Financial Data	
Frozen base assessed valuation 1973/74	\$41,007,235
1977/78 assessed valuation	\$76,704,311
1977/78 incremental assessed valuation	\$35,697,076
1977/78 tax allocation to agency	\$4,997,590
Projected 1978/79 tax allocation to agency	\$5,080,000
Projected 1979/80 tax allocation to agency	\$5,364,725
Estimated maximum annual debt service on 1978 Bonds	\$1,257,500
Estimated maximum annual debt service on all outstanding bonds	\$2,075,950
Coverage of estimated total maximum annual debt service by projected 1978/79 tax allocation	2.5
City Financial and Economic Data	
Direct bonded indebtedness	\$7,005,000
Overlapping bonded debt	\$17,268,858
Ratio direct debt to assessed valuation	4.40%
Ratio direct and overlapping debt to assessed valuation	10.84%
1977 population	75,000
Per capita assessed valuation	\$2,124

The \$11,000,000 tax allocation bonds are payable from property taxes collected in the project area upon any increase over the 1973/74 assessed valuation of \$41,007,235. The 1977/78 assessed valuation of \$76,704,311, not including the Long Beach Boulevard addition, represents an increase of \$35,697,076 which will produce an estimated tax allocation of nearly \$5,000,000 based on present applicable tax rates. The 1978/79 tax allocation is estimated by the Redevelopment Fiscal and Administrative Consultant, Mr. James G. Magner, to be \$5,080,000. The estimated first year's debt service in 1979 on all outstanding bonds, assuming a 6½ percent interest rate on the 1978 bonds and actual debt service on the 1976 bonds, is \$2,075,950, which includes 1½ years' interest due on the 1978 bonds. Tax revenues anticipated in 1978/79 are expected to exceed the first year's estimated debt service on the 1978 bonds plus the actual debt service on the 1976 bonds by 2.5 times.

The project area was amended in November 1976 to include property called the Long Beach Boulevard Addition ("the addition") currently occupied by several auto dealers. The agency is acquiring certain parcels in the addition, is relocating the auto dealerships to the new auto plaza, and is reassembling and improving the addition for new development. Since the 1976/77 base year, the addition has experienced a slight decrease in assessed valuation resulting in no additional taxable increment to the increment on the original project area.

City of Compton and Vicinity

The following statements concerning the City of Compton and Vicinity are included only for the purpose of supplying summary information. The bonds are not an obligation of the City of Compton.

The City of Compton, encompassing 10.5 square miles, is located in Los Angeles County between the cities of Los Angeles and Long Beach. The city, with a population of 75,000, is mainly residential. There are approximately 320 manufacturers situated within city limits with an additional 300 located within an eight mile radius of the city. Principal products include electronic components, furniture, automotive accessories, and machinery.

The assessed valuation in the city has increased nearly 30% in the last five years to \$196,039,616. The majority of the assessed valuation increase has occurred in the redevelopment project area.

The City of Compton is served by the extensive Southern California Freeway System and has overnight trucking delivery to the cities of Los Angeles, San Diego and San Francisco and intermediate parts. Compton residents are within easy access of Los Angeles International Airport and Long Beach Airport.

THE BONDS

Authority for Issuance

The \$11,000,000 principal amount of 1978 Walnut Industrial Park Project, Tax Allocation Bonds currently being offered, were authorized pursuant to Resolution No. 24 and Resolution No. 169 (the "Resolutions") of the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton, and the Walnut Industrial Park Project Redevelopment Plan, as amended (the "Plan"). The bonds will be issued in full conformity with the Constitution and laws of the State of California, including the Community Redevelopment Law (the "Law") and acts amending or supplementing the law. The bonds are on a parity with the \$10,000,000 of 1976 Walnut Industrial Park Project, Tax Allocation Bonds dated February 1, 1976.

Description of the Bonds

The bonds consist of an aggregate principal amount of \$11,000,000. They will be issued either as coupon bonds in the denomination of \$5,000 each, or as fully registered bonds in denominations of \$5,000 or any multiple thereof. The bonds are serial bonds, dated February 1, 1978, and mature on August 1, 1979 to 2003, as shown in the adjoining maturity schedule.

Interest is payable on February 1, 1979 and thereafter semi-annually on each August 1 and February 1. Interest and principal (except for interest on fully registered bonds which is payable by mailed check or draft) are payable at the main office of the Fiscal Agent of the Agency, United California Bank, in Los Angeles or San Francisco, California or at the offices of the paying agents, Manufacturers Hanover Trust Co., New York, and the Northern Trust Company, Chicago.

Redemption

The bonds maturing on or before August 1, 1988, are not subject to redemption prior to their stated maturity dates.

The bonds maturing on or after August 1, 1989, may be called before maturity and redeemed at the option of the agency, in whole or in part, from any source of funds, on August 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all of the bonds outstanding are to be redeemed at any one time, the bonds are to be redeemed in inverse order of maturity and by lot within a maturity.

Bonds called for redemption are to be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus the premium shown below.

PREMIUMS AND REDEMPTION YEARS

<i>Premium</i>	<i>Redemption Year</i>
3 %	1988
2½%	1989
2 %	1990
1½%	1991
1 %	1992
½%	1993
0 %	1994-2003

Registration

Two forms of bonds have been provided: (1) those which are in negotiable form, payable to bearer with negotiable coupons ("bearer bonds"); and (2) non-negotiable fully registered bonds payable to the registered owner ("fully registered bonds"), each in denominations of \$5,000 or any multiple thereof. The bearer bonds are not registrable by endorsement, but bearer bonds and fully registered bonds may be exchanged as provided in the Resolution. No such exchange shall be made between the fifteenth day preceding any interest payment date and such interest payment date.

MATURITY SCHEDULE

<i>Year of Maturity</i>	<i>Principal Maturing August 1</i>
1979	\$185,000
1980	200,000
1981	210,000
1982	225,000
1983	240,000
1984	255,000
1985	275,000
1986	290,000
1987	310,000
1988	330,000
1989	350,000
1990	375,000
1991	400,000
1992	425,000
1993	450,000
1994	480,000
1995	510,000
1996	545,000
1997	580,000
1998	620,000
1999	660,000
2000	700,000
2001	745,000
2002	795,000
2003	845,000

Legal Opinion

The individual members of the municipal bond department of Rutan & Tucker, who developed the legal documents pertaining to issuance of the 1978 Bonds, have announced their resignation from Rutan & Tucker effective December 31, 1977, and on January 1, 1978, will begin the practice of municipal bond law as Stradling, Yocca, Carlson & Rauth. In order to provide continuity in the processing of the legal transactions required for the issuance and delivery of the Bonds, Rutan & Tucker and the members of Stradling, Yocca, Carlson & Rauth have agreed to render a joint opinion attesting to the validity of the bonds and their tax-exempt status.

The legal opinion of Messrs. Rutan & Tucker, Santa Ana, California and Stradling, Yocca, Carlson & Rauth, Newport Beach, California ("Bond Counsel") approving the validity of the bonds will be supplied free of charge to the purchasers at the time of the original delivery of the bonds. A copy of the legal opinion will be printed on each bond without charge to the successful bidder.

Closing Documents

In addition to the opinion of bond counsel, the agency will, at the time of delivery of the bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. *Arbitrage Certificate*—A certificate of a responsible officer of the agency that, on the basis of the facts and circumstances in effect at the time of delivery of the bonds, it is not expected that the proceeds of the bonds will be used in a manner that will cause the bonds to be arbitrage bonds.
2. *No Litigation Certificate*—At the time of payment for and delivery of the bonds, the agency will furnish the successful bidder a certificate that there is no direct litigation pending against the Community Redevelopment Agency of the City of Compton affecting the validity of the bonds. However, the constitutionality of the tax increment financing system for redevelopment projects in California (as applied in Los Angeles County) as authorized by the California Constitution and Health and Safety Code Section 33670 and the payment of the Tax Revenues by the Los Angeles County Auditor-Controller are presently being challenged in the case of *McNutt, et al. v. City of Los Angeles, et al.*, Los Angeles County Superior Court Case No. C210576, which was recently filed in the Superior Court of the State of California for the County of Los Angeles. Although the agency itself is not a defendant, unless said case is dismissed or otherwise disposed of, it will be mentioned in the certificate.

It is intended that this reference to the *McNutt* case in the No Litigation Certificate will be informational only, assuming no new adverse developments in the case.

In the absence of controlling precedent, bond counsel is not able to conclude that the allegations contained in the pleadings are without merit. However, based on bond counsel's review of the pleadings and of prior judicial decisions deemed relevant (including various appellate decisions which, as a matter of fairness and sound public policy, restricted the applicability of any judgment of invalidity to securities issued *subsequent* to the date of final judgment), bond counsel has concluded that any decision in the case should not affect the validity or binding obligation of the subject bonds, nor should it result in the enjoining of the use of Tax Revenues (as defined in the Resolutions) to repay such bonds. Accordingly, assuming no new adverse developments in the case, bond counsel's approving legal opinion will not be altered. Copies of such opinion, in draft form, are available on request.

The following is a summary of bond counsel's analysis of the *McNutt* case.

On August 22, 1977, a lawsuit (*McNutt, et al. v. City of Los Angeles, et al.*) was filed in the Superior Court of California for the County of Los Angeles against fifteen Southern California cities, their redevelopment agencies and the Los Angeles County Auditor-Controller. The City of Compton and the Community Redevelopment Agency of the City of Compton are not named as defendants.

The complaint alleges that the provisions of the Community Redevelopment Law authorizing the allocation of that portion of the property taxes derived from a redevelopment project area representing tax-increment funds are invalid under the Constitutions of California and the United States. The complaint seeks a declaration that the statutory basis for tax-increment financing is unconstitutional and an injunction preventing any payment of tax-increment funds to the defendant.

As of the date of this official statement, it is understood that the defendants have answered the complaint.

The City of Industry and the Industry Urban-Development Agency ("IUDA"), named defendants in the *McNutt v. City of Los Angeles* lawsuit, have filed a cross-complaint and amendment thereto in the case. The amended cross-complaint alleges as one of three causes of action that certain of the cross-defendants (Los Angeles Redevelopment Agency, Alhambra Redevelopment Agency, Glendale Redevelopment Agency, Irwindale Redevelopment Agency, West Covina Redevelopment Agency and Pasadena Redevelopment Agency) are presently engaged in discussions with plaintiffs and their attorneys for the purpose of joining in a conspiracy to subvert and abuse the processes of the court and to obtain a dismissal of this action as to their particular agencies with the understanding that the cross-complainants will not be dismissed, so that the conspiring agencies will be able to sell bonds, obtain funds and proceed with the obtaining of developers and redevelopers for their redevelopment projects while cross-complainant IUDA remains a named defendant and therefore unable to finance its redevelopment project.

The cross-complaint as originally filed sought to enjoin the above named cross-defendants, and such other cross-defendants as may be shown to be liable by proof, from selling bonds during the pendency of the *McNutt v. City of Los Angeles* lawsuit. As amended, the cross-complaint seeks judgment for an injunction preventing them from taking any actions by which they will obtain an unfair advantage over the cross-complainants during the pendency of this action, or from misusing the court's processes or conspiring with plaintiffs and others to do so as more particularly alleged in the amended cross-complaint. It is understood that the amended cross-complaint has been answered by the named cross-defendants with the exception of the plaintiffs, who have filed a demurrer thereto.

As of the date of this official statement, the Community Redevelopment Agency of the City of Compton is not a party to the action.

3. *Signature Certificate*—A certificate of the respective officers and representatives of the agency showing that they have signed the bonds, by manual or facsimile signature, and that they were duly authorized to execute the same.
4. *Treasurer's Receipt*—The receipt of the Treasurer of the Community Redevelopment Agency of the City of Compton showing that the purchase price of the bonds, including accrued interest to the date of delivery (if any), has been received by the agency.
5. *Certificate Concerning Official Statement*—A certificate, signed by an appropriate officer of the agency acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the official statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) between the date of the official statement and the date of delivery of the bonds, no event has occurred which should have been set forth in an amendment or supplement to the official statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the agency since the date of such official statement and the date of delivery.

Tax Exempt Status

In the opinion of bond counsel, interest on the bonds is exempt from all present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment in California

The Community Redevelopment Law provides that bonds authorized and issued in the manner and for the purpose of the bonds shall be legal investments for all banks, including trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The bonds are also authorized security for public deposits under the law.

The Superintendent of Banks of the State of California has previously ruled that bonds of a redevelopment agency are eligible for savings bank investment in California.

Disposition of Bond Proceeds

Bond proceeds will be placed in the Redevelopment Fund, held by the agency's treasurer, except that accrued interest and premium paid, if any, will be transferred to the Fiscal Agent and placed in the Special Fund in the Bond Interest Account; and a sum equal to the Maximum Annual Debt Service will be transferred to the Fiscal Agent and placed in the Special Fund in the Reserve Account.

The Redevelopment Fund

The moneys set aside and placed in the Redevelopment Fund are to be expended for the cost of the redevelopment project and other costs related thereto. Estimated expenditures from the Redevelopment Fund are summarized in Table 2. These estimates are based on projected redevelopment activities as defined by the Redevelopment Fiscal and Administrative Consultant, the agency staff, and as reviewed by the agency board.

The Special Fund

All Tax Revenues, as defined under the heading "Security," below, are to be deposited in the Special Fund, held by the Fiscal Agent and pledged to payment of the principal and interest on the bonds, subject to the terms and conditions of the Resolutions.

Interest earned on the investment of moneys in the Special Fund accrues to the fund.

The Tax Revenues accumulated in the Special Fund shall be used in the following priority:

1. For deposits into the Bond Interest Account for current bond interest payments;
2. For deposits into the Bond Payment Account for current bond principal payments;
3. For additional deposits into the Bond Interest Account so that the balance in said Account shall equal the amount of one year's interest on the bonds one month prior to any interest payment date;
4. For deposits into the Reserve Account so that the balance in said Account shall equal the Maximum Annual Debt Service (initial complete deposit made from bond proceeds).

Failure to make any deposit under 3 and 4, above, is not to be considered an event of default, if Tax Revenues are insufficient therefor, but the by-passed deposits are cumulative and are required to be made as soon as Tax Revenues are sufficient therefor.

If all of the deposits have been made, surplus Tax Revenues may be used for the purchase or call of bonds or for any other lawful purpose, but only if (1) Tax Revenues for the current fiscal year equal at least 1.25 times Maximum Annual Debt Service on all bonds, parity bonds and any loans, advances, or indebtedness payable from Tax Revenues on a parity with the bonds, pursuant to Section 33670 of the Law, as shown by the certificate or opinion of an independent accountant, and (2) there has been no material change in the status of the Redevelopment Project which would be likely to result in the diminution of the increment in the succeeding fiscal year, as certified by an independent Redevelopment Fiscal and Administrative Consultant to the agency and filed with the Fiscal Agent.

Bond Reserve

An amount equal to the Maximum Annual Debt Service is to be maintained in the Reserve Account as a bond reserve.

Security

Under provisions of the California Constitution, the Law and the Resolutions, and the Plan, taxes on all taxable property in the redevelopment project area levied and collected by any taxing agency will be divided as follows:

1. That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to September 27, 1973, being the effective date of the ordinance approving the Redevelopment Plan with reference to property described in the Redevelopment Plan approved by that ordinance, and the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to August 19, 1974, being the effective date of the first amending ordinance approving and amending the Redevelopment Plan, with reference to property added to the Redevelopment Plan by virtue of such amendment and the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property

by such taxing agency last equalized prior to December 31, 1976, being the effective date of the second amending ordinance approving and amending the Redevelopment Plan with reference to property added to the Redevelopment Plan by virtue of such amendment and shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid; and

2. Taxes received over and above that amount as a result of the increases in assessed valuation (the "Tax Revenues"), will be deposited in the Special Fund of the agency. (Note that there are two variables; (i) assessed valuation, which can increase or decrease from the base roll, and (ii) tax rates, which can increase or decrease in any particular year.)

The bonds are specifically secured only by a pledge of the Tax Revenues. Moneys in the Special Fund are pledged to the payment of the bonds, subject to the terms and conditions of the Resolutions. The agency has no power to levy and collect taxes, and any legislative property tax de-emphasis, or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate, must necessarily reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the bonds. Likewise, broadened property tax exemptions, if not reimbursed to local governments by the state, could have a similar effect.

Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would necessarily increase the amount of Tax Revenues that would be available to pay principal and interest on the bonds.

The California Legislature has enacted legislation intended to limit future increases in ad valorem property tax rates. This legislation generally limits all future general purpose tax rates to that imposed during either the 1971/72 or 1972/73 fiscal years, or the rates set by the enabling statute of the particular taxing entity. Tax rate limits may be raised by any amount which is approved by a majority vote of the electorate. Tax rates may also be increased under an inflation or "cost-of-living" formula incorporated in the legislation. This legislation does not restrict tax rates levied for certain limited purposes, e.g., general obligation bonds or for voter approved pension plans.

Certain exemptions from property taxes have been granted to specific classes of property located in California. Revenues lost by local taxing agencies from two of these exemptions (the homeowners' property tax exemption and the business inventories exemption) are reimbursed by the State and are allocated to eligible redevelopment agencies in the same manner as locally collected taxes. Revenues lost as a result of other types of exemptions are not reimbursed. There is no assurance that additional tax rate limitations or exemptions will not be approved, nor is there any assurance that revenues lost will continue to be reimbursed to local taxing agencies or allocated to redevelopment agencies. To the extent that such limitations or exemptions are approved, and reimbursement and allocation of lost revenues are not made, the security of the Bonds could be adversely affected.

On December 30, 1976, in the case of *Serrano v. Priest*, 18 Cal.3d 728 (1976), the California Supreme Court affirmed a lower court decision holding the State's system of financing public elementary and secondary education unconstitutional under the equal protection provisions of the California Constitution and setting a period, ending September 3, 1980, for bringing such system into constitutional compliance. The court so held based on the premise that educational opportunity under the present system varies as a function of the assessed valuation per student in average daily attendance in a given school district, and that there was no compelling state interest justifying such discrimination.

The State Legislature in its 1977 session made certain adjustments in the system of financing public elementary and secondary schools in an effort to meet the requirements set forth in *Serrano v. Priest*, none of which has a significant adverse effect on redevelopment agency financing. Whether or not these adjustments will be held by the courts to be adequate, and, if not, what system of financing public elementary and secondary schools will be chosen for enactment by the State Legislature (and whether such system will meet the applicable constitutional provisions) is open to speculation. Any property tax deemphasis will necessarily have an adverse effect on the Tax Revenues to be received by the agency. Currently, such school districts levy taxes at rates within the project area equal to about 43% of the total tax rate. The projections contained in Table 4 assume that there will be *no* property tax deemphasis as a result of the decision in *Serrano v. Priest*.

On August 22, 1977, a lawsuit (*McNutt et al. v. City of Los Angeles et al.*, Los Angeles County Superior Court Case No. C210576) was filed in the Superior Court of California for the County of Los Angeles against 15 Southern California cities. (See discussion of the case under the section headed, "Closing Documents" on page 4 of this official statement.

The Community Redevelopment Agency of the City of Compton is not a named defendant, but the complaint seeks a declaration that the statutory basis for tax-increment financing is unconstitutional and an injunction preventing any payment of tax-increment funds to defendant agencies.

The outcome of this litigation and any resulting effect upon the allocation of tax-increment funds derived from a redevelopment project area for the payment of debt service on tax allocation bonds outstanding at the time of the final decision are not determinable at this time. However, to the extent that any future decision in this case may limit or prohibit the current method of allocation of such tax-increment funds and construe such limitation or prohibition as applicable to previously issued bonds, the security for the bonds may be adversely affected or substantially eliminated.

The agency has been made aware of a proposed initiative measure entitled "Property Tax Limitation, Initiative Constitutional Amendment", petitions for which have been circulated and filed with the county clerks/registrars of voters of the various counties of the state. As of the date of this official statement it appears that the signatures on said petitions are sufficient in number to qualify the proposal for a place on the ballot at the June 6, 1978, statewide election.

The office of the Attorney General has provided the following summary of the measure:

PROPERTY TAX LIMITATION. INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975/76 assessed valuation as base value of property for tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires $\frac{2}{3}$ vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes specified local entities to impose special taxes except ad valorem, sales and transaction taxes on real property. Financial Impact: Would result in the loss of local property tax revenues of \$7 billion to \$8 billion annually and a reduction in state costs of about \$700 million in 1978/79 and \$800 million annually thereafter.

If approved by the voters, the measure would have a substantial adverse impact on the security of the bonds in that the present tax rates of the various taxing agencies levying taxes in the project area would be drastically reduced and future increases in assessed valuation would be substantially limited, thereby greatly reducing the amount of tax allocation revenues otherwise potentially payable to the agency.

Among the elements providing special protection to the bonds is a Reserve Account equal to Maximum Annual Debt Service on the bonds.

The bonds are not a debt of the City of Compton, the State of California, or any of its subdivisions, and neither said city, state nor any of its political subdivisions is liable therefor. The bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limit or restriction.

Issuance of Short Term Notes

For additional security to the bondholder, to provide against any short term gap that could develop between debt service requirements and receipt of Tax Revenues as a result of a change in the date or dates upon which the Tax Revenues are paid into the Special Fund, the agency has the power to issue prior lien short term notes to finance bond service, repayable from Tax Revenues in the same fiscal year.

No other obligations payable from Tax Revenues will be issued having a lien upon the Tax Revenues superior to the bonds, except as permitted by the resolution regarding such short term notes or refunding bonds.

Issuance of Additional Bonds

Additional tax allocation bonds on a parity with the bonds may be issued to pay costs of the project provided:

1. The agency is in compliance with all covenants set forth in the Resolutions.
2. Tax Revenues produced from the most recent assessed valuation of taxable property in the redevelopment project area (plus, at the option of the agency, estimated additional Tax Revenues to be received within any of the next three years following the date the computation is made, due to increases in assessed valuations, based on construction in progress, as shown by a certificate or opinion of an independent Redevelopment Fiscal and Administrative Consultant) are at least equal to 1.25 times the proposed Maximum Annual Debt Service.
3. Bond proceeds are deposited in the Reserve Account in an amount sufficient to bring the Reserve Account up to the proposed Maximum Annual Debt Service.
4. The additional bonds mature on August 1 and interest thereon is payable on the same dates as on the previously issued bonds. The additional bonds are to be callable not earlier than August 1, 1988.

Refunding Bonds

The agency may issue refunding bonds for the purpose of paying or retiring outstanding bonds subject to their applicable redemption provisions.

Investment of Funds

All moneys in the Redevelopment Fund and all moneys held by the Fiscal Agent pursuant to the Resolutions, including time or demand deposits, must be secured at all times by obligations eligible to secure deposits of public moneys and must be of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund and the Special Fund may, and upon written request of the agency shall, be invested as provided by law. Under the terms of the Resolutions, Redevelopment Fund investments must mature not later than the dates estimated by the agency that such funds will be required. Special Fund investments must mature in such a manner as to assure that moneys will be available to meet debt service payments as required.

Other Covenants

Other covenants of the agency under the Resolutions are summarized below:

1. The project will be completed with all practicable dispatch in a sound and economical manner and in accordance with the Redevelopment Plan and the Community Redevelopment Law. The Redevelopment Plan may be amended as provided in the law but no amendment shall be made which would substantially impair the security of the bonds or the rights of the bondholders, as shown by an opinion of counsel.
2. The agency will manage and operate all properties owned by it and comprising any part of the Redevelopment Project in a sound and businesslike manner.
3. The agency will punctually pay, or cause to be paid, the principal and interest becoming due on the bonds.
4. The agency will punctually pay, or cause to be paid, any lawful governmental charges imposed and all claims for labor, materials and supplies which if unpaid might become a lien or charge which might impair the security of the bonds.
5. The agency will at all times keep, or cause to be kept, proper and current books and accounts (separate from other records and accounts) in which complete and accurate entries will be made of all transactions relating to the redevelopment project and the Tax Revenues, and will prepare within 120 days after the close of each fiscal year a complete financial statement covering the redevelopment project and Tax Revenues, certified by a certified public accountant selected by the agency, copies of which will be furnished to any bondholder upon written request.
6. The net proceeds realized by the agency from any eminent domain proceeding will be deposited in the Special Fund for the purpose of paying principal and interest on the bonds.

7. The agency will not dispose of more than 10% of the land area in the redevelopment project area to public bodies or other entities whose property is tax exempt (other than property shown by the Redevelopment Plan as planned for such ownership, such as parks, civic center sites, historical sites and schools, or property to be used for public streets, off street parking, sewage facilities, utility easements and the like) if as a result of such action the security of the bonds or the rights of the bondholders will be substantially impaired (in the opinion of an independent Redevelopment Fiscal and Administrative Consultant).
8. The agency will protect and defend the security of the bonds and the rights of the bondholders and will take no action to impair the tax exempt status of the bonds.

Remedies

Any bondholder has the right of mandamus or other appropriate remedy to compel the performance by the agency and its members of the duties imposed by the Resolutions and by the Community Redevelopment Law.

Amendment of the Resolution

The resolution may be modified or amended only with the consent of holders of 60 percent of all bonds and additional bonds then outstanding (exclusive of issuer-owned bonds), unless the modification or amendment is for the purpose of curing ambiguities, defects, etc. having no adverse effect on bondholder rights, in which case no bondholder's consent is required. No modification or amendment will extend the maturity, reduce the interest rate or principal amount payable or reduce the percentage of consent required for amendment without the express consent of the bondholder.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

Authority and Personnel

The Community Redevelopment Agency of the City of Compton (the “agency”) was activated in 1967 by an ordinance of the city council pursuant to the California Community Redevelopment Laws (Section 33000 et seq. Health and Safety Code). The Compton Urban Community Development Commission (the “Commission”) was activated in 1975 by an ordinance of the city council pursuant to Part 1.7 of Division 24 (Section 34100 et seq.) of the Health and Safety Code, and, pursuant to said Part, acts as the Governing Board of the Compton Redevelopment Agency. Members of the city council sit as the Governing Board of the Commission.

The present Chairman of the Commission and the agency is the mayor of the city, Lionel Cade.

The city manager, Mr. Allen Parker, serves as the agency's executive secretary. The agency operates two projects other than the Walnut Industrial Park Project, both of which to date have been funded by federal funds.

The agency utilizes both city departments and private firms to handle legal, fiscal, planning and engineering matters.

All powers of the agency are vested in the governing board. The agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects.

The agency can cause on and off-site improvements to occur, acquire and re-sell property, construct public buildings, and provide services to the project area.

The Redevelopment Plan

The City Council of the City of Compton adopted Ordinance No. 1437 on August 28, 1973, which established a redevelopment plan for the Walnut Industrial Park Project. The plan, as amended in July 1974 and November 1976, is designed to enable the agency to eliminate and prevent the spread of blight in the project area. The plan authorizes the agency to pursue that objective by any or all of the following methods:

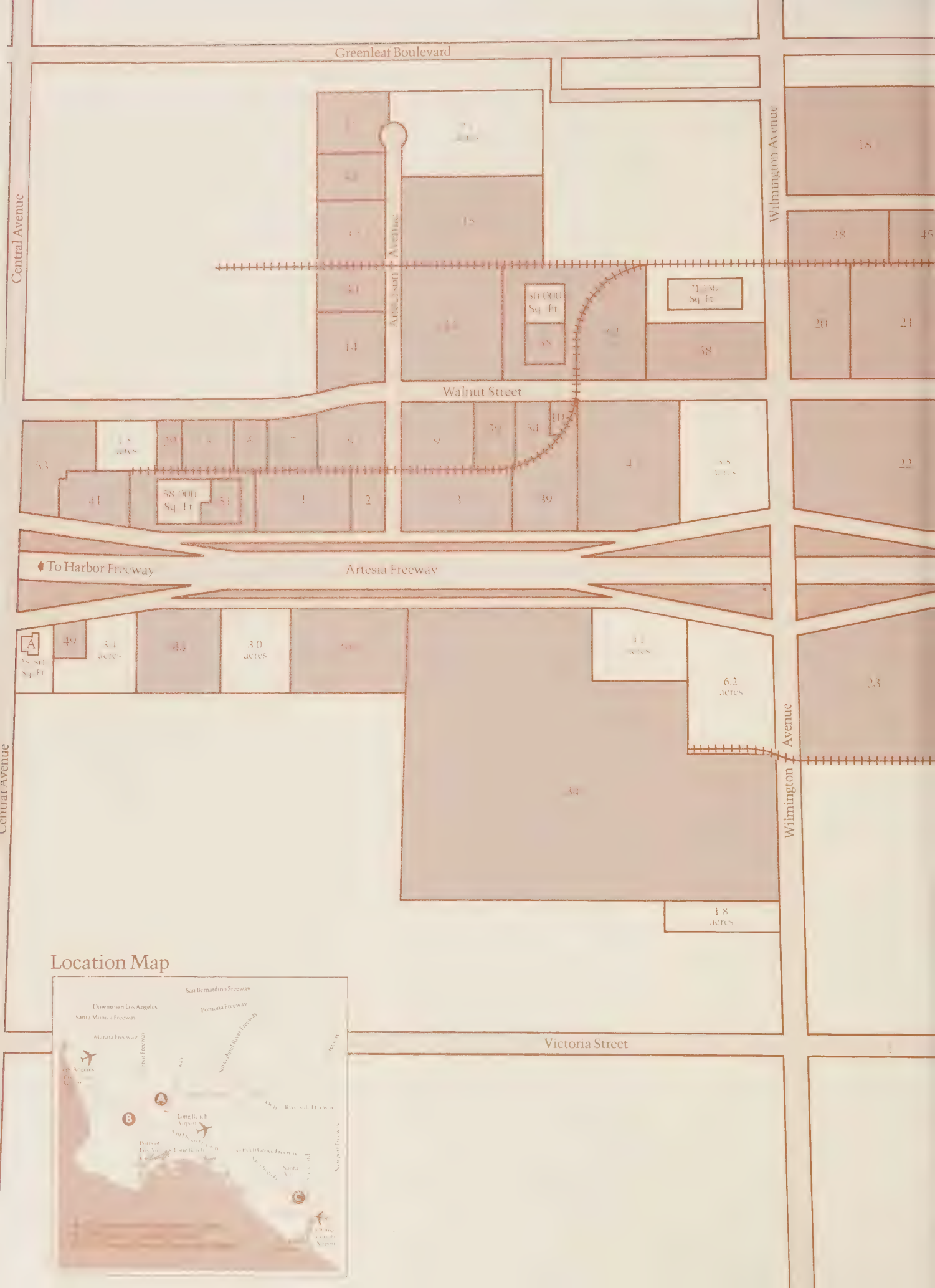
1. Acquisition of certain real property;
2. Demolition or removal of certain buildings and improvements;
3. Rehabilitation of certain structures by private enterprise or public agencies for use in accordance with this plan;
4. Relocation assistance to displaced residential and non-residential occupants, if any;
5. Installation, construction, reconstruction, redesign of streets, utilities, and other public improvements;
6. Disposition of property acquired for uses in accordance with this plan;
7. Redevelopment of land by private enterprise or public agencies for use in accordance with this plan;
8. Action or reaction to environmental deficiencies created by the acts of any other public bodies within the project boundaries;
9. Grading and installation of required improvements, utilities and facilities on acquired land where it is in the best interest of the public;
10. Vacation and abandonment of certain streets, alleys, and other thoroughfares consistent with the objectives of this plan;
11. Action or reaction to traffic circulation problems that may result from the actions of other public bodies in the project area;
12. Construction or reconstruction of any public facilities consistent with the objectives of this plan.

Under an owner participation agreement (discussed in detail herein) and from proceeds of the bonds previously issued as well as those presently being offered, the agency is initiating the implementation of the objectives of the plan. After development, the plan specifies that the administrative enforcement of the goals and objectives be performed by actions of both the city and the agency, and the plan specifically provides that its terms and conditions may also be enforced by court litigation instituted by either the agency or the city. Among other conditions, the plan provides that traffic circulation will be improved for residents of the project area and surrounding areas, that there will be no detrimental environmental quality effect upon the residents of the project area and surrounding areas, and that project activities will include the upgrading of the physical and social quality of the neighborhood through improved lighting, increased parking, and other improvements.

The Walnut Industrial Park Project Area

The project area is located in the southernmost part of the city. The project generally is bounded by the city limits on the south, Central Avenue on the west, Greenleaf on the north, and Santa Fe on the east. The Artesia Freeway runs through the center of the Project.

In November 1976 the project area was increased by approximately 169 acres when the agency added an area which includes, among other properties, properties occupied by several automobile dealerships which are relocating to the new auto center. This area, called the Long Beach Boulevard Addition, will eventually be upgraded and the properties acquired by the agency will be improved and subsequently reoffered for additional development.



Location Map





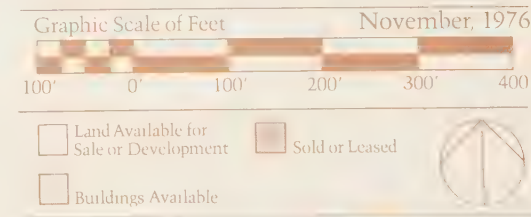
Companies in the Los Angeles Industrial Center

- | | | |
|--|--|--|
| 0 Cadillac Fairview/California, Inc. | 20 AMP Incorporated | 42 Meriton Electronics, Inc. |
| 1 Scandiline Industries, Inc. | 21 Action Industries, Inc. | 43 Pirelli Sales West, Inc. |
| 2 Samson-West Corp. (Frigitemp Marine) | 22 Nissan Motor Corporation in the U.S.A. (Datsun) | 44 Hitachi Sales Corporation of America |
| 3 Samson-West Corp. | 23 Sony Corporation of America | 45 Virco Mfg. Corporation |
| 4 Craig Corporation | 24 Metaframe Pacific | 46 Fulton West |
| 5 International Glass (Bausch & Lomb) | 25 Kar-Cal, Limited | 47 No-Sag Spring (Lear-Siegler, Inc.) |
| 6 Joseph Lucas North America, Inc. | 26 YKK Zipper (California), Inc. | 48 Harlen Metal Products, Inc. |
| 7 Kawecky Berylco Industries, Inc. | 27 Real Transportation Company | 49 JoJo's Restaurant |
| 8 Sanyo Electric, Inc. | 28 Westvaco Corporation (Division of C.A. Reed) | 50 Charleton Company |
| 9 Manufacturers Life | 29 Kable News Company | 51 Office Sales, Inc. |
| 0 Compton Fire Department | 30 Nippondenso | 52 Dae Woo (America), Inc. |
| 1 Scott Co. | 31 PDM Distribution Center, Inc. | 53 Pacific Telephone |
| 2 Meldisco (Melville Shoe Corp.) | 32 Max Factor | 54 Compton Police Substation |
| 3 Executive Office Concepts, Drummond Distributing Co. | 33 3M Business Products Sales, Inc. | 55 North American Philips Lighting (Norelco) |
| 4 Coast Wholesale Music Company | 34 Ralphs Grocery Co. (Federated Stores) | 56 Ligholier, Inc. |
| 5 Kennington Limited | 35 Ameron, Inc. | 57 Unitrex of America/Hitachi |
| 6 Pogens Family Bakery | 36 Sanyo Electric, Inc. | 58 Wilshire Lighting |
| 7 Xerox Corporation | 37 Mary Kay Cosmetics | 59 W. W. Grainger Company |
| 8 Mattel, Inc. | 38 Great Western Unitfreight | 60 Compton Redevelopment Agency |
| 9 Bridgestone Tire Company of America, Inc. | 39 JVC America, Inc. | 61 JIL Corporation of America |
| | 40 Kubota Tractor Corporation | 62 Manchester Shirts, Ltd. (Oxford Industries, Inc.) |
| | 41 Artesia Motor Inn/Kings West Restaurant | |

Victoria Street

Cadillac Fairview Los Angeles Industrial Center

a Cadillac Fairview/California, Inc. property



The project area is mainly a new industrial park (Los Angeles Industrial Center) characterized by landscaping and an abundance of open space and controlled by a set of standards instituted by its developers. (Cabot, Cabot & Forbes, the initial developer of the Los Angeles Industrial Center, sold the development to Cadillac Fairview in 1976. See discussion of change of ownership on page 15 of this official statement.) The map on pages 12 and 13 shows the location of the park and the park industrial plan.

The project area also includes blighted areas located on the eastern boundary of the industrial park. Industrial development in this zone has been sporadic and is characterized by unsightly structures, inadequate parking for employees, vacant lots, poor landscaping, and aged structures. There is no buffer between these structures and approximately 70 acres of developable vacant land within the industrial park. From the proceeds of this bond sale, the agency intends to remedy these blighted conditions.

Redevelopment

The agency, from the proceeds of the \$10,000,000 principal amount of 1976 Walnut Industrial Park Project Tax Allocation Bonds, acquired for \$1,560,000, 27 acres from the Compton Unified School District (located between the Flood Control Channel and Alameda Street, directly south of Greenleaf). In addition, the agency acquired approximately 43 acres from the then developer, Cabot, Cabot & Forbes for \$2,829,222.

On property east of the Flood Control Channel (Compton Creek), the agency is developing an Auto Mall Plaza that will accommodate up to eight dealerships. The dealership sites range from seven acres to three acres. At this time, two of the dealerships have begun construction with an additional two in escrow. One additional dealership (Ford) is awaiting company approval. The remaining three sites are in negotiation among seven potential users.

On the west side of the Compton Creek (15.3 acres) the agency proposes to develop the property with on and off-site improvements, including bridging the creek in order to accommodate five additional dealerships.

On the east side of Alameda, west of Santa Fe Avenue and north of the Artesia Freeway, the agency proposes to acquire property, reduce the railroad to grade or below grade and construct a new street to accommodate development now in the negotiation stage (restaurant, Department of Motor Vehicles building and other commercial facilities).

The four-acre parcel owned by the agency (originally purchased from Cabot, Cabot & Forbes) and located west of the Auto Mall Plaza has been sold to accommodate an expansion of industrial facilities located within the park.

A police substation to be built within the park and operated on a 24-hour basis should begin construction in February 1978. Architects' cost estimate for the substation is \$265,000.

As a part of the development of the Auto Mall Plaza, the agency agreed with certain dealers located on Long Beach Boulevard to acquire their property and pay certain relocation costs. As indicated earlier in this report, two sites have been acquired by the agency and two are in escrow. The total projected cost is approximately \$2,300,000.

The Cadillac Fairview Los Angeles Industrial Center is 86% complete with 56.7 net acres available for development. Ground cover allowances total 50% resulting in approximately 28 acres of ground cover or 1,219,680 square feet available for development. At present there are 209,000 square feet of buildings under design with construction to be completed in 1978.

Owner Participation Agreement

In 1975 the agency and John Hancock Insurance Company and Cabot, Cabot & Forbes entered into an agreement providing for, among other things, the acquisition of certain property and the construction of a police facility.

The agreement further provides that in order to implement the Redevelopment Plan and make possible the earliest possible completion of development of the industrial park in the project area, the agency shall make additional public improvements in the project area, including but not limited to public streets and utilities and off-site improvements, at a total cost to the agency of \$650,000, subject to all of the following conditions:

- (1) the improvements shall be made as needed after January 1, 1977;
- (2) tax increments not otherwise pledged to secure payment of bonds and bank loans in accordance with other sections of the agreement shall be available to the agency for such purposes, or, if feasible, the agency shall sell additional tax allocation bonds to obtain additional funds for such purposes; and (3) each improvement shall be made only upon an express finding by the agency, together with such reasonable assurances from the developer that shall be necessary to support such a finding, that the making of improvements by the agency will result in immediate and direct development thereafter of additional parcels in the industrial park and the project area

having a taxable value when completed sufficient to result in the generation of additional taxes from the project area to the agency for repayment of the agency's tax allocation bonds, in an amount sufficient to amortize the total cost to the agency (including bond interest and amortization) attributable to the making of such improvements. The provision is to be construed liberally such that after the acquisition of the property by the agency under the agreement, a high priority of 60% of the otherwise unpledged tax increment received each year by the agency from the project area, up to an aggregate of \$650,000, shall be used for these improvements.

The agreement provides for renaming the Redevelopment Project Area the "Walnut Industrial Park" by recorded amendment to the Redevelopment Plan. This was accomplished pursuant to Ordinance No. 1512 adopted in November, 1976. The agency adopts the industrial park recorded restrictions as implementing the Redevelopment Plan for future development and agrees that property developed in accordance therewith shall be deemed conforming property under the Redevelopment Plan.

Mr. Clarence E. Blair, City Attorney and Agency General Counsel, has rendered a legal opinion to the effect that the agreement constitutes a legal, valid and binding obligation of the city and the agency, respectively, in accordance with its terms and has been duly and validly authorized by the city council and by the agency.

In December of 1975 CC&F entered into negotiations with the Cadillac Fairview Corporation Limited, headquartered in Toronto, Canada, with the intention of forming a joint venture ownership in the Los Angeles Industrial Center. As of March 17, 1976, title in the Los Angeles Industrial Center was vested in CC&F-Willowdale Compton Properties Inc., a partnership, 50 percent owned by CC&F Compton Properties Inc., and 50 percent owned by Willowdale Investments Inc., both wholly owned subsidiaries of the respective parent corporations. In July 1976 negotiations were begun whereby the Cadillac Fairview Corporation Limited would move toward 100 percent ownership of the Los Angeles Industrial Center. This was effected as of October 29, 1976, and ownership passed to Cadillac Fairview/California Inc., a wholly owned subsidiary of Cadillac Fairview Corporation Limited. The philosophies and policies of the new owner remain essentially the same as those of the prior owner. Initially, all existing personnel and management continued to work with and on behalf of the new owners.

The Cadillac Fairview Corporation Limited is a stock company whose shares are traded publicly on the Toronto stock exchange. Total assets exceed \$1 billion, and shareholders' equity is in excess of \$100 million. The parent corporation is a full-line developer of real property whose primary business is in Canada. Because of existing conditions in Canada, a major corporate endeavor was undertaken to diversify the investment portfolio in other geographic areas where outstanding opportunities are available; the Los Angeles Industrial Center being one.

Disposition of Bond Proceeds

Table 2 shows estimated disposition of bond proceeds and estimated bond costs assuming a net interest cost of 6.5% per year for 25 years. The bond reserve fund is equal to maximum annual debt service on outstanding 1978 bonds. The amount required in the reserve fund should decrease to an estimated \$904,525 on August 1, 1979, and the difference may be transferred to the Redevelopment Fund for any authorized project cost.

TABLE 2
DISPOSITION OF BOND PROCEEDS

Site improvements	\$ 3,100,000
Compton Creek improvements	3,020,000
Phase II auto site improvements	1,800,000
Land acquisition and street improvements	1,276,750
Bond reserve*	1,257,500
Legal financing and incidentals	200,000
Contingency	345,750
Total Bond Issue Requirement	\$11,000,000

* Based on interest estimated at 6.5%. On August 1, 1979 the bond reserve fund will decrease to an estimated \$904,525, releasing the difference for agency purposes.



Located in the Walnut Industrial Park: Upper Left: Nippondenso;
Upper Right: C. Bruno & Son; Above: Sony Corporation of America;
Lower Left: Hitachi Sales Corporation of America;
Lower Right: Sanyo.

ESTIMATED TAX REVENUES AND BOND RETIREMENT

The California Community Redevelopment laws (Section 33670 of the Health and Safety Code) provide a means of financing redevelopment projects based upon the allocation of property taxes collected within a project area. The frozen tax base multiplied by the tax rate applicable in any future year will produce the base levy which goes to the taxing entities. The tax revenue produced by multiplying any increases in assessed valuation over the frozen tax base by the current tax rate are paid to the agency and may be pledged by the agency to the repayment of any indebtedness incurred in financing or refinancing the project. Redevelopment agencies themselves have no authority to levy taxes but depend principally upon such allocation of tax revenues for the repayment of debt.

Assessed Valuation and Tax Increment

The Assessor of Los Angeles County assesses all taxable property in the project area except public utility property, which is assessed by the State Board of Equalization at 25% of market value. The State Board of Equalization reports that the 1977/78 Los Angeles County assessed valuation averages 21.3% of market value.

The valuation of secured property is established as of March 1 of each year, is equalized for purposes of establishing tax rates in August, and the first installment of taxes becomes

payable the following November. Taxes are due to be received by the Los Angeles County Tax Collector on or before the delinquency dates of December 10 and April 10 for each installment of the taxes levied. Taxes on unsecured property (personal property and leaseholds) are due on August 31 of each year based on the preceeding fiscal year's tax rate.

The Los Angeles County Auditor-Controller's office allocates unsecured taxes from the prior fiscal year in November. The secured taxes are forwarded to the agency and other like agencies in approximately two major installments: 50% of the tax levy in February and the remaining 50% in June. The balance of secured and unsecured taxes are forwarded to the agencies in the following September.

Table 3 presents the growth of assessed valuation in the Walnut Industrial Park project area since the base year, 1973/74. The assessed valuation in the project area was originally established at \$39,758,045. This value was subsequently revised to \$41,007,235 in order to include public utility valuations. The 1975/76 assessed valuation in the area was \$53,869,360, resulting in incremental assessed valuation of \$12,862,125. The 1976/77 assessed valuation was established at \$61,103,874, resulting in a \$20,096,639 increase of incremental assessed valuation over the base year.

TABLE 3
WALNUT INDUSTRIAL PARK ASSESSED VALUATION
(Not Including Long Beach Boulevard Addition)*

	(Base Year) 1973/74	1975/76	1976/77	1977/78
SECURED†				
Land	\$ 9,988,660	\$ 9,704,325	\$ 9,908,455	\$10,679,900
Improvements	10,610,600	14,406,010	15,969,570	18,759,325
Personal property	1,495,265	1,220,515	2,839,960	2,916,130
Total Secured	\$22,094,525	\$25,330,850	\$28,717,985	\$32,355,355
UNSECURED				
Improvements	\$ 1,476,055	\$ 2,861,480	\$ 2,836,347	\$ 3,381,029
Personal property	17,436,655	25,677,030	29,549,542	40,967,927
Total Unsecured	\$18,912,710	\$28,538,510	\$32,385,889	\$44,348,956
Total Assessed Valuation	\$41,007,235	\$53,869,360	\$61,103,874	\$76,704,311
Incremental Assessed Valuation	—	\$12,862,125	\$20,096,639	\$35,697,076

* The assessed valuation for the Long Beach Boulevard Addition is not incorporated into the assessed valuation for the original project area pursuant to Section 33675 of the Health and Safety Code.

† Includes public utility property assessed by State Board of Equalization.

Source: Los Angeles County Auditor-Controller.

The 1977/78 assessed valuation for the project area has increased by 25% over the 1976/77 assessed valuation to a total of \$76,704,311. This represents a \$35,697,076 increase over the base year.

The Redevelopment Fiscal and Administrative Consultant to the Agency, Mr. James G. Magner, projects a \$640,750 increase in the 1978/79 assessed valuation in the project area to \$77,345,561 as shown in Table 4. This increase is based on the completed development of 171,000 square feet in the project area during the current fiscal year. Mr. Magner projects that the additional 200,000 square feet of development currently under design in the industrial park will occur in 1979/80, resulting in additional increases in assessed value. Also, Mr. Magner projects the completion of the Auto Plaza that year with an estimated market value of \$5,000,000. The resultant assessed value is projected by Mr. Magner to be \$79,379,311, yielding a \$38,372,076 increment over the 1973/74 base year. Mr. Magner's projections are based on secured valuations only and do not account for necessary business inventories in the new facilities.

Although nearly 57 acres or approximately 2,500,000 square feet could be developed in the industrial park, strict development standards, self-imposed by the owner, limit ground cover to 50% of available acreage. Therefore, once the anticipated 371,000 square feet of development are complete approximately 1,000,000 square feet will remain available for future development.

Long Beach Boulevard Addition

In order to complete the development of the auto plaza, the redevelopment agency is acquiring the property presently occupied by several auto dealers and is relocating these dealers to the new auto plaza. The area presently occupied by these auto dealers has been incorporated into the Walnut Industrial Park project area with the tax base frozen for 1976/77. The base year assessed valuation for the addition, called the Long Beach Boulevard addition, is \$6,471,200. Pursuant to Section 33675 of the Health and Safety Code, changes in assessed valuation for the addition are computed separately from the original project area. If the assessed valuation for the addition decreases over the base year, the resultant negative increment shall not be deducted from the increment computed for the original project area. Any increases, however, represents additional tax allocation due to the agency.

The assessed valuation in the addition dropped by less than 1% in 1977/78 to \$6,420,081. The difference of \$51,119 does not represent a tax loss to the agency. Should the assessed valuation

of the addition continue to decrease from the 1976/77 base year, there will be no effect on the increment of the remaining project area.

Currently, Los Angeles County is aggregating assessed values in a project area including additions since the original base year. Using this method, additions experiencing a decrease in assessed value over their base year reduce the increment of the original project area. In this case the county has deducted the \$51,119 loss from the original project area's increment, thereby reducing the agency's tax levy by \$7,155. When county procedures conform to Section 33675, the increment of the project area will be adjusted to reflect no decrease in increment.

Tax Allocations and Bond Retirement

Table 4 lists tax revenues allocated to the agency based on the increment over the base year in the project area. In 1975/76 the increment of \$12,862,125 yielded \$1,912,979 to the agency based on a tax levy of \$1,926,117. The difference between the

TABLE 4
ACTUAL AND PROJECTED VALUATIONS AND
TAX ALLOCATIONS IN WALNUT INDUSTRIAL PARK PROJECT AREA
(Not Including Long Beach Boulevard Addition)

Year	Assessed Valuation	Incremental Assessed Valuation	Tax Levy	Tax Allocation	Delinquency Rate
ACTUAL					
1973/74	\$41,007,235*	\$ —	\$ —	\$ —	— %
1975/76	53,869,360	12,862,125	1,926,117	1,912,979	0.68
1976/77	61,103,874	20,096,639	2,719,045	2,678,110†	1.51
1977/78	76,704,311	35,697,076	n. a.	4,997,590‡	—
PROJECTED					
1978/79	\$77,345,561	\$36,338,326	n. a.	\$5,080,000‡	—
1979/80	79,379,311	38,372,076	n. a.	5,364,725‡	—

* Base year adjusted from \$39,758,045 due to inclusion of utility property.

† Includes \$288,099 to be disbursed from Los Angeles County to the agency.

‡ Projection based on an average \$14.00 per \$100 assessed valuation tax rate.

Source: Redevelopment Fiscal and Administrative Consultant, Mr. James G. Magner.

levy and the allocation represents a delinquency rate of less than 1%. In 1976/77 the increment of \$20,096,639 over the base year produced \$2,678,110 to the agency. Of this amount, \$288,099 is still outstanding and to be disbursed by the county to the agency. The total allocated to the agency in 1976/77 was based on a \$2,719,045 tax levy, which represents a 1.5% delinquency rate in the project area. This compares to a nearly 4% delinquency rate city-wide as shown in Table 12 on page 23.

According to the Redevelopment Fiscal and Administrative Consultant, the 1977/78 increment of \$35,697,076 should produce a tax allocation of nearly \$5 million based on the various tax rates levied by overlapping public agencies. These tax rates are combined to form a single tax rate for each tax code area. There are 10 tax code areas in the redevelopment project area with tax rates for 1977/78 ranging from \$13.0391 to \$14.8144. Tax code area No. 3765 has the highest assessed value in the project area, encompassing over 25% of the redevelopment area's total assessed value. The tax rate for this code area is \$14.2181. Mr. Wagner applied an average tax rate of \$14.00 per \$100 assessed valuation in developing projected tax allocations.

The projected increase in assessed value for 1978/79 should produce a tax allocation of \$5,080,000, according to Mr. Wagner, based on his projected increased assessed valuation. Mr. Wagner further projects a \$5,364,725 allocation in 1979/80 based upon completed and anticipated development.

Table 5 presents an estimated cash flow analysis of tax allocation dollars available to meet debt service requirements. 1978 Bond debt service payments begin on February 1, 1979, with one year's interest due. This payment is estimated to be \$715,000 based on a 6.5% interest rate. In addition, an interest payment of \$334,225 on the 1976 Bonds is also due, amounting to a combined total of \$1,049,225. Tax allocations available to meet this payment are estimated to be \$11,313,800. Annual Tax Revenues in excess of bond principal and interest payments may

be released for any lawful purpose as long as the Bond Reserve Fund is maintained and tax revenues for the current fiscal year equal at least 1.25 times the maximum annual debt service on all outstanding bonds.

Discounting any possible surplus revenues, the projected 1978/79 tax allocation alone represents a 2.5 times cover over total 1979 actual and estimated debt service.

Walnut Industrial Park Project Area Audit

The Walnut Industrial Park Project Area audit, prepared by Peat, Marwick, Mitchell & Co., is presented in the appendix to this official statement.

TABLE 5
ESTIMATED CASH FLOW

<i>Year Ending August 1</i>	<i>Estimated Tax Allocation*</i>	<i>Actual 1976 Bond Service</i>	<i>Estimated 1978 Bond Service</i>	<i>Estimated Annual Tax Allocation Surplus†</i>
1977/78	\$ —	\$ —	\$ —	\$ 3,361,535‡
November	3,855,603§	—	—	—
February 1	—	338,125	—	—
February and June¶	1,422,912	—	—	—
August 1	—	488,125	—	7,813,800
1978/79				
November	\$3,500,000	\$ —	\$ —	\$11,313,800
February 1	—	334,225	715,000	—
February and June¶	1,580,000	—	—	—
August 1	—	484,225	542,500	10,817,850
1979/80				
November	\$3,500,000	\$ —	\$ —	\$14,317,850
February 1	—	351,488	330,175	—
February and June¶	1,864,724	—	—	—
August 1	—	505,175	551,488	14,444,248

* Tax distributions made in November of each year pertain to unsecured levies; those made in February and June of each year are from secured rolls. Delinquencies for both rolls are disbursed to redevelopment agencies in September of the next fiscal year. Due to the low delinquency rate, no September disbursement is shown. Tax allocation projections were made by James G. Wagner, Redevelopment Fiscal and Administrative Consultant.

† Surplus annual tax revenues may be released for any lawful purpose of the Agency as long as the Bond Reserve Fund is maintained and annual Tax Revenues exceed total annual debt service requirement by 1.25 times.

‡ Balance recorded by Trustee as of June 1, 1977.

§ Includes \$288,099 1977/78 unsecured allocation to be disbursed to agency in December 1977.

¶ Represents total secured collections, 50% of total to be disbursed in late February and June.

Actual and Estimated Debt Service

Table 6 shows actual debt service on the outstanding 1976 Bonds and estimated debt service on the 1978 Bonds currently being offered.

TABLE 6
COMPTON REDEVELOPMENT AGENCY
ACTUAL AND ESTIMATED BOND SERVICE

Year Ending August 1	Actual 1976 Bond Service	Principal Outstanding Beginning of Year	1978 Bonds				Total Actual 1976 Bond and Estimated 1978 Bond Debt Service
			Estimated Interest at 6.5%		Principal Maturing August 1	1978 Bond Estimated Bond Service	
			February 1	August 1			
1979	\$ 818,450	\$11,000,000	\$ 715,000*	\$ 357,500	\$ 185,000	\$ 1,257,500	\$ 2,075,950
1980	835,350	10,815,000	351,488	351,488	200,000	902,976	1,738,326
1981	825,550	10,615,000	344,987	344,987	210,000	899,974	1,725,524
1982	840,400	10,405,000	338,163	338,163	225,000	901,326	1,741,726
1983	853,400	10,180,000	330,850	330,850	240,000	901,700	1,755,100
1984	839,450	9,940,000	323,050	323,050	255,000	901,100	1,740,550
1985	850,050	9,685,000	314,762	314,762	275,000	904,524	1,754,574
1986	858,550	9,410,000	305,825	305,825	290,000	901,650	1,760,200
1987	865,125	9,120,000	296,400	296,400	310,000	902,800	1,767,925
1988	869,725	8,810,000	286,325	286,325	330,000	902,650	1,772,375
1989	872,300	8,480,000	275,600	275,600	350,000†	901,200	1,773,500
1990	872,800	8,130,000	264,225	264,225	375,000†	903,450	1,776,250
1991	871,550	7,755,000	252,038	252,038	400,000†	904,076	1,775,626
1992	868,550	7,355,000	239,037	239,037	425,000†	903,074	1,771,624
1993	888,375	6,930,000	225,225	225,225	450,000†	900,450	1,788,825
1994	879,650	6,480,000	210,600	210,600	480,000†	901,200	1,780,850
1995	894,150	6,000,000	195,000	195,000	510,000†	900,000	1,794,150
1996	905,100	5,490,000	178,425	178,425	545,000†	901,850	1,806,950
1997	887,500	4,945,000	160,713	160,713	580,000†	901,426	1,788,926
1998	918,750	4,365,000	141,862	141,862	620,000†	903,724	1,822,474
1999	919,750	3,745,000	121,713	121,713	660,000†	903,426	1,823,176
2000	917,250	3,085,000	100,262	100,262	700,000†	900,524	1,817,774
2001	936,250	2,385,000	77,513	77,513	745,000†	900,026	1,836,276
2002	—	1,640,000	53,300	53,300	795,000†	901,600	901,600
2003	—	845,000	27,462	27,462	845,000†	899,924	899,924
	\$20,088,025		\$6,129,825	\$5,772,325	\$11,000,000	\$22,902,150	\$42,990,175

* Includes one year's full interest payment.

† Callable on or after August 1, 1988.

CITY ORGANIZATION AND FINANCIAL DATA

City Government

The City of Compton is a chartered city incorporated in 1888. The city operates under the council-manager form of government whereby the voters elect a mayor and four council members by popular vote on a non-partisan basis for staggered terms of four years. The council enacts all local laws, approves the city budget, appoints the city manager and adopts the city tax rate.

Although the Community Redevelopment Agency of the City of Compton is a separate public body, the city council serves as the governing board of the agency. The city council appoints a city manager who is responsible for supervising the day to day operations of the city, and other allied agencies and for carrying out policies set by the council. The city manager also serves as the executive director of the redevelopment agency.

Assessed Valuation

The City of Compton utilizes the facilities of Los Angeles County for the assessment and collection of taxes for city purposes. City taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes. Assessed valuations of properties are the same for both city and county taxing purposes. The State Board of Equalization reports that the 1977/78 Los Angeles County assessed valuation averages 21.3% of market value while the public utility assessed valuation is reported by the State Board of Equalization to average 25% of market value.

The equalization process tends to assure that tax impacts will be uniform throughout the state. Maximum tax rates in counties which assess above the 25% level are reduced by the percentage proportionate to the percentage of over-assessment. Conversely, counties that under-assess may adjust maximum tax rates to yield income based on a relationship of assessed valuation equal to 25% of full-market value. Rates below the statutory maximums are not affected by the equalization process.

The valuation of secured property is established as of March 1 of each year, is subsequently equalized in

August, and the first installment of taxes becomes payable the following November. Taxes are due to be received by the Los Angeles County Tax Collector on or before the delinquency dates of December 10 and April 10 for each installment of the taxes levied. Taxes on unsecured property (personal property and leaseholds) are due on August 31 of each year based on the preceding fiscal year's tax rate.

Under amendments adopted in 1968 to the Constitution and Statutes of the State of California, two types of exemptions of property from ad valorem taxes were authorized beginning in the fiscal year 1969/70. The first of these exempts 50% of the assessed valuation of business inventories from taxation. The second provides for exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor. Revenue estimated to be lost to local taxing agencies due to such exemptions, however, is reimbursed from state sources and is available for allocation as tax increments. Such reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated delinquencies.

Table 7 presents a history of assessed valuation growth in the city for the past five years. The secured

TABLE 7
CITY OF COMPTON ASSESSED VALUATIONS

<i>Fiscal Year</i>	<i>Secured*</i>	<i>Unsecured</i>	<i>Total Assessed Value for Revenue Purposes†</i>	<i>Redevelopment Agency Increment‡</i>	<i>Total City Assessed Valuation</i>
1973/74	\$117,839,470	\$33,025,942	\$150,865,412	\$ —	\$150,865,412
1974/75	121,249,590	33,001,886	154,251,476	—	154,251,476
1975/76	119,008,040	33,583,326	152,591,366	14,111,315	166,702,681
1976/77	121,379,715	51,901,233§	173,280,948§	20,096,639	193,377,587
1977/78	124,331,430	34,977,653	159,309,083	36,730,533	196,039,616

* Includes property assessed by State Board of Equalization.

† Before homeowners' and business inventory exemptions.

‡ Includes Rosecrans Redevelopment Project, Central Business District project area, Walnut Industrial Park and the Long Beach Boulevard Addition to the Walnut Industrial Park.

§ These values include a projected increase in unsecured assessed value from formerly exempt inventories based upon the case *Michelin v. Wages* (1976), 46 L. ed. 2nd 495. The legislature effectively reversed the result of the case so that the inventories remained exempt. The value of the inventories was \$18,376,700.

Source: Los Angeles County Auditor-Controller.

valuations presented in Table 7 include public utility property assessed by the State Board of Equalization. The redevelopment agency increment includes the change in assessed value for three project areas: Rosecrans Redevelopment Project Area, Central Business District Project Area, and the Walnut Industrial Park Project Area (including the Long Beach Boulevard addition). Assessed value in the City of Compton has increased nearly 30% in the past five years, with the majority of the increase occurring in the Walnut Industrial Park Project Area.

Tax Rates, Levies and Delinquencies

Tax rates levied by overlapping public agencies within the project area are combined to form a single tax rate for each tax code area. Table 9 lists the tax code areas and rates within the Walnut Industrial Project Area, exclusive of the Long Beach Boulevard Addition. Tax rates in 1977/78 range from \$13.0391 to \$14.8144. The Redevelopment Fiscal and Administrative Consultant used an average tax rate of \$14.00 per \$100 assessed valuation to project tax allocations to the agency.

Tax Code Area No. 3765 has the highest assessed value for revenue purposes in the project area at \$23,103,965 which represents nearly 27% of the total. Table 10 lists the tax rates of the various overlapping taxing agencies in tax code area No. 3765.

TABLE 8
CITY OF COMPTON
1977/78 ASSESSED VALUATION

Local secured	\$107,129,790
Utility	17,201,640
Unsecured	34,977,653
Assessed Valuation for Revenue Purposes*	\$159,309,083

* Assessed value for revenue to the city is \$159,309,083, the remaining \$36,730,533 of assessed value in the city accrues to the redevelopment agency.

Source: Los Angeles County Auditor-Controller.

TABLE 9
TAX RATES IN WALNUT INDUSTRIAL PARK

Tax Code Area*	1976/77	1977/78
3765†	\$13.9971	\$14.2181
3764	13.9971	14.2181
2858	13.9736	14.1938
2859	13.9736	14.1938
2813	13.9971	14.2181
3011	12.9744	13.0391
3014	13.0009	13.0648
2849	14.1152	14.3644
2820	14.0652	14.8144
2849	14.1152	14.3644

* Tax rates per \$100 assessed valuation for each tax code area within the Walnut Industrial Park Project Area (exclusive of the Long Beach Boulevard Addition).

† Tax Code Area No. 3765 has the highest assessed value, encompassing nearly 27% of the total assessed valuation in the project area.

Source: Los Angeles County Auditor-Controller.

TABLE 10
REPRESENTATIVE 1977/78 TAX RATES APPLICABLE TO THE
COMPTON REDEVELOPMENT AGENCY PROJECT AREAS*

Taxing Entity	Tax Rate
City of Compton	\$2.0000
County of Los Angeles	4.2544
County school services	.0283
Handicapped education	.1761
Compton Unified School District	6.0163
Compton Community College	.7730
County library	.2488
County flood control district	.3265†
County Sanitation District No. 8	.2168†
Central West Basin Water Replenishment District	.0027
Metropolitan Water District	.1700
S. E. Mosquito Abatement	.0052
Total Tax Rate	\$14.2181

* Tax Rate for Tax Code Area No. 3765 located in the Walnut Industrial Park Project Area. Tax Code Area No. 3765 has an assessed valuation for revenue purposes of \$23,103,965 which represents nearly 27% of the total Compton Redevelopment Agency assessed valuation.

† Tax levied on land and improvements only.

Source: Los Angeles County Auditor-Controller's Office.

Table 11 lists the tax rate in the City of Compton over the last five years and a detailed accounting of the city tax rate components for 1977/78. The tax rate increases during the last five years are mainly attributable to increases in retirement contributions. The current \$2.00 tax rate, according to the city controller, is the highest maximum tax rate. This rate, however, may be adjusted upwards based on a formula that considers changes in assessed value, population, and the applicable cost-of-living index.

Table 12 presents the secured city tax levy, amount collected, and delinquency rate for the last eight years. This delinquency rate pertains to Tax District No. 1, which does not include the redevelopment project area. The delinquency rate has averaged 3.51% over the last eight years.

City Employees

The city is presently staffed by over 850 full-time employees. Community services are provided by the city's planning department, police and fire departments, public works department, parks and recreation divisions, and municipally-operated water system.

Under the terms of the public employees' retirement system of California (P.E.R.S.), the city provides a retirement plan covering all full-time city and agency employees. The total city contribution to P.E.R.S. in fiscal year 1976/77 was \$1,114,767, accompanied by \$596,588 contributed by employees. The percentage of salary to be contributed in 1977/78 by the city will be 19.737% for safety employees and 10.55% for others, and the percentage of salary contributed by employees will be 9% for police and 5.87% to 12.02% for fire department employees, and 7% for others.

TABLE 11
TOTAL CITY TAX RATES AND TAX RATE COMPONENTS

TAX RATES	
<i>Fiscal Year</i>	<i>Tax Rate</i>
1973/74	\$1.59
1974/75	1.68
1975/76	1.75
1976/77	1.85
1977/78	2.00
1977/78 TAX RATE COMPONENTS	
<i>Fund</i>	<i>Tax Rate</i>
General Fund	\$1.00
Parks and playgrounds	.20
Advertising and promotion	.05
Employee retirement	.75
Total	\$2.00

Source: City of Compton.

TABLE 12
CITY OF COMPTON
SECURED TAX LEVIES AND DELINQUENCIES

<i>Year Ended June 30</i>	<i>Secured Tax Levy</i>	<i>Amount Delinquent June 30</i>	<i>Percent Delinquent June 30</i>
1970	\$1,212,640	\$37,303	3.08%
1971	1,607,297	45,527	2.83
1972	1,656,157	57,278	3.46
1973	1,706,190	74,642	4.37
1974	1,665,413	63,359	3.80
1975	1,737,093	59,632	3.43
1976	1,852,457	57,936	3.13
1977	1,469,454	57,233	3.89

Source: California Municipal Statistics, Incorporated.

P.E.R.S. is required by state law to undergo a systems evaluation at least every four years. Periodic intervening checks of actuarial assumptions and other aspects of the system are also made. The June 30, 1976, audit of P.E.R.S. by Coopers & Lybrand, Certified Public Accountants, reported an accrued actuarial liability and present value of benefits for active and inactive members totalling approximately \$14.6 billion. Assets available for benefits were placed at about \$7.9 billion leaving an unfunded liability of about \$6.7 billion.

Upon completion of the 1975 systemwide evaluation, actuaries then determined that restoration and maintenance of the system's necessary balances required a three-step annual increase of 1% in the average percentage employer contribution beginning July 1, 1975.

Summary of City Revenues and Expenditures

Table 13 presents a summary of revenues and expenditures for the City of Compton as reported by the State Controller. Inasmuch as the city's financial statements have not been audited since 1973/74, a June 30, 1977 balance sheet audit is being prepared by McGladrey, Hansen, Dunn & Company, certified public accountants, to establish fund balances as the basis for preparing the 1977/78 audit. The balance sheet audit should be available in March, 1978. It is anticipated that while the city's overall cash position will be positive, the city's general fund may show a negative cash position as of June 30, 1977.

TABLE 13
CITY OF COMPTON
SUMMARY OF REVENUES AND EXPENDITURES

	1972/73*	1973/74*	1974/75*	1975/76*	1976/77†	Budget 1977/78‡
REVENUES						
Taxes	\$ 4,554,756	\$ 4,713,801	\$ 4,955,547	\$ 5,099,979	\$ 7,220,502§	\$ 6,906,150
Licenses and permits	78,442	57,909	80,596	50,969	77,267	69,150
Fines and Penalties	222,049	178,562	155,399	107,355	155,894	71,000
From use of money and property	245,419	249,359	224,004	179,245	50,217	80,100
From other agencies	8,807,133	9,943,500	10,196,103	6,609,430	8,768,765	20,751,073
Current service charges	812,151	843,987	965,852	1,201,965	1,025,185	1,344,800
Other revenue	82,097	190,278	86,013	57,564	87,795	2,000
Total Revenues	\$14,802,047	\$16,177,396	\$16,663,514	\$13,306,507	\$17,385,625	\$29,224,273
EXPENDITURES						
General government	\$ 6,429,711	\$ 8,592,818	\$ 9,348,899	\$ 5,399,150	\$ 8,516,733	\$ 8,322,603
Public safety	3,947,473	4,722,340	4,794,629	5,547,760	4,655,961	7,330,072
Public works	2,544,274	2,347,592	2,515,718	2,252,805	2,840,503	10,266,416
Health	43,755	64,160	24,210	—	—	—
Parks and recreation	391,831	594,309	618,386	740,065	743,006	3,826,687
Contributions to other funds	—	—	—	477,250	—	—
Total Expenditures	\$13,357,094	\$16,321,219	\$17,301,842	\$14,417,030	\$16,756,203	\$29,745,778

Table 13 verified by City Controller.

* Source: Annual Report of Financial Transactions Concerning Cities of California published by the State Controller of the State of California.

† Source: Report prepared by the City of Compton and submitted to the State Controller for inclusion in the 1976/77 Annual Report of Financial Transactions Concerning Cities of California.

‡ Source: Adopted 1977/78 City Budget. Values presented are estimated based on grouping of funds as presented in the State Controllers' Report.

§ Estimated tax revenues based on inclusion of formerly exempt inventories valued at \$18,376,700, subsequently exempted based on legislative action.

Direct and Estimated Overlapping Debt

Table 14 presents the city's direct and estimated overlapping debt statement. The city currently has \$7,005,000 principal amount outstanding of Civic Center Authority bonds. The city has entered into a lease with the authority obligating an annual rental sufficient to meet debt service plus administrative costs until November 1, 2000. The city has a 4.40% ratio of direct debt to assessed valuation. Total estimated overlapping debt amounts to \$10,263,858.

TABLE 14
CITY DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT*

1977 population estimate	75,000
1977/78 assessed valuation	\$159,309,083†
Estimated market value	\$736,000,000‡

Entity	Percent Applicable	Debt Applicable January 16, 1978
Los Angeles County	0.524%	\$ 88,498§
Los Angeles County Building Authorities	0.524	1,152,028
Los Angeles County Flood Control District	0.404	1,934,958
Metropolitan Water District	0.318	1,698,428
Compton Community College	39.160	159,848
Compton Unified School District	62.315	5,230,098
City of Compton Civic Center Authority	100.000	7,005,000
Total Direct and Estimated Overlapping Debt		\$17,268,858

	Ratio to		Per Capita
	Assessed Valuation	Estimated Market Value	
Assessed valuation	—%	—%	\$2,124
Direct bonded debt	4.40	0.95	93
Direct and overlapping bonded debt	10.84	2.34	230

State school building aid repayable as of June 30, 1977:	\$17,993,900
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Share of authorized and unsold bonds:	
Metropolitan Water District	\$1,160,700
Compton Unified School District	\$1,654,463
Los Angeles County Building Authorities	\$ 209,600

* Compiled by California Municipal Statistics, Incorporated.

† Before homeowners' and business inventory exemptions totalling \$41,430,175, the taxes on which are paid by the State of California; also after deduction of redevelopment agency increment of \$36,730,533.

‡ The State Board of Equalization reports that the 1977/78 Los Angeles County assessed valuation averages 21.3% of market value with public utilities assessed at 25% of market value. The City of Compton public utility value before exemptions is \$17,918,180; of this amount \$3,101,940 represents redevelopment agency increment leaving \$14,816,240 available to the city for tax revenue purposes.

§ Excluding \$1,573,933 applicable share of \$238,113,959 Los Angeles County lease-purchase obligations.



THE CITY AND VICINITY

The following statements concerning the City of Compton and Vicinity are included only for the purpose of supplying general information. The Bonds are not an obligation of the City of Compton.

The City of Compton is located in Los Angeles County between the cities of Los Angeles and Long Beach. The city encompasses 10.5 square miles situated approximately 72 feet above sea level. Since its incorporation in 1888, the city has developed into a residential community also characterized as a diversified industrial center.

Manufacturing is the primary industry in the Compton area with approximately 320 manufacturers situated within city limits and another 300 located within an eight-mile radius of the city. Principal products include electronic components, furniture, automotive accessories, and machinery.

City residents enjoy a temperate climate with average temperatures of 65° in the winter and 75° in the summer.

Population Statistics

Population growth in the city has approximated that in the county with a 56% increase since 1950 in the city compared to a 70% increase experienced by the county. According to the 1977 Summary of Buying Power prepared by Sales and Marketing Management, the median age of city residents is 23.1 years compared to 30.6 years for the Los Angeles-Long Beach area and 29.5 years for the State. The median household effective buying income as of December 1976 for the city was \$11,244 compared to \$14,386 for the Los Angeles-Long Beach area and \$14,299 for the State. The median household effective buying income in Compton has risen 40% in the last 10 years compared to a statewide 50% increase during the same period.

Employment and Economic Development

Table 15 presents employment by industry within the Los Angeles-Long Beach Labor Market Area. The boundaries of the area coincide with those of Los Angeles County. There are 80 incorporated cities in the county covering 1,100 square miles or 27% of total county area. As of December, 1976, approximately 16% of land in the county was devoted to residential use and over two-thirds of the land was open space and vacant.

According to the Employment Development Department of the State's Health and Welfare Agency, civilian employment in the county has increased nearly 3% during the last year with the current unemployment rates at the lowest levels since 1974. Unemployment in the labor market area reached a seasonally adjusted rate of 6.7% for September, 1977, down from an 8.3% unemployment rate recorded in September, 1976.

The seasonal adjustment eliminates the influence of regularly recurring seasonal fluctuations such as weather, crop-growing cycles, holidays, vacations, and regular industry moded changeover periods.

Manufacturing industries make up the largest category of employment by providing over 25% of jobs for non-agriculturally related industries. Wholesale and retail trade and services industries make up the next two largest employer categories with 24% and 21% respectively of the employment base. Agricultural employment makes up less than 1% of the total civilian labor force.

There are three industrial centers located within city limits. The largest is the Los Angeles Industrial Park, formerly developed by Cabot, Cabot &

TABLE 15
LOS ANGELES-LONG BEACH LABOR MARKET
TOTAL EMPLOYMENT AND UNEMPLOYMENT RATE
SEPTEMBER 1977

Industry	Employment
Manufacturing	819,800
Mining	11,500
Construction	109,700
Transportation and public utilities	182,400
Wholesale and retail trade	752,200
Finance, insurance and real estate	199,400
Services	685,700
Government	482,200
Total Non-Agricultural Employment	3,242,900
Total Agricultural Employment	18,800
Total civilian labor force	3,331,400
Total unemployment	224,800
Seasonally adjusted unemployment rate	6.7%

Source: State of California, Employment Development Department.

Forbes and now being developed by Cadillac Fairview, Inc. The development was first created in 1968 as part of the Walnut Park Redevelopment Area and is composed completely of new construction built subsequent to that date. The park comprises 540 acres of which approximately 465 acres have already been developed. Developed lot sizes range from a little less than 1.5 acres to over 10 acres. Approximately 60 firms are represented in the park. The park is presently served by city and county sewage and storm drain facilities, by public utilities and by city fire and police substations.

Xerox Corporation has leased 9 acres in the Los Angeles Industrial Park in which it has consolidated warehousing previously located in various other buildings. This facility centralizes national distribution for products manufactured in west coast plants. The 227,000 square-foot building houses 25,000 square feet of offices.

The national headquarters for Ralph's Grocery Company are also located in the industrial park. The company has based vegetable, milk and meat processing plants in Compton with a total local employment of over 600 persons.

Another significant industrial area is located in the northern limits of the city. This area is locally known as Belle Vernon Acres and is part of the Alameda Street Industrial Corridor that stretches from downtown Los Angeles to south of Compton. The area within the city consists of 181 acres that are fully developed. Presently 84 firms occupy this area.

Another smaller industrial site is located on the northwestern fringe of the city. This area consists of 110 acres of land occupied by 22 firms. The city does not expect any further development in this site in the near future.

Table 16 lists major employers in the city. Over 50 firms in the city employ 100 or more persons. The city's largest employer is the Canteen Food and Vending Service with 1,100 employees.

Non-manufacturing industries in the City of Compton include divisional headquarters offices of Southern California Gas Company and Pacific Telephone Company, which serve a broad area including the city and portions of the south bay area of Los Angeles County. A large Sears retail outlet is also located in the city.

Education

Compton Unified School District operates twenty elementary schools serving approximately 14,500 students, eight junior high schools serving over 7,000 students, and four senior high schools serving over 6,000 students. The district employs a total of approximately 1,700 faculty members. The Compton Community College District operates the Compton Junior College, a two-year institution offering the Associate of Arts degree and several vocational and technical certificates. Current enrollment for 1977/78 is approximately 7,000 students with over 230 faculty members.

TABLE 16
CITY OF COMPTON
MAJOR MANUFACTURING EMPLOYERS

<i>Employer</i>	<i>Product or Service</i>	<i>Number of Employees</i>
Canteen Food and Vending Service	Food service	1,100
Genisco Technology Corporation	Electronic components	500
Western Air and Refrigeration	Air conditioners	500
Cal-Style Furniture	Metal furniture	400
Allen Industries, Inc.	Auto seats	370
Crager Industries	Automotive parts	350
Shelly Anderson Furniture	Vinyl furniture	350
Virco	Office furniture	350
Fuller Company	Air blowers	300
Herald American Publishing	Newspaper	300
California Carlage Company, Inc.	Commercial trucking	300
Murdock Incorporated	Machine shop	270
Karco Products Inc.	Floormats, tapedecks	265
Sanyo Electric Inc.	Electronic	250
Califoam Corporation of America	Foam for furniture	210
The Craig Corporation	Electronics	210
Century Plastic Inc.	Aerospace plastics	200
Hitachi Sales Corporation	Electronics	200
Johnson Service Company	Air conditioners	200
Samson West Corporation	Hotel furniture	200
Western Kraft Corporation	Corrugated boxes	200
Zynolynte Products Co.	Epoxy enamel paint	200

Source: City of Compton Chamber of Commerce.

Commercial Activity

Commercial activity has remained relatively stable over the last five years as evidenced by data presented in Table 17. During this period, taxable transactions averaged approximately \$139,000,000 annually.

Table 18 lists taxable transactions by type of retail activity. Major outlets include auto dealers and suppliers and general merchandise stores. Retail outlets provide over 60% of all taxable transactions.

TABLE 17
TAXABLE SALES AND
SALES PERMITS

	<i>Taxable Transactions</i>	<i>Sales Permits</i>
1972	\$141,214,000	1,289
1973	141,821,000	1,257
1974	141,406,000	1,204
1975	132,706,000	1,170
1976	137,348,000	1,195

Source: State Board of Equalization, annual summaries of *Trade Outlets and Taxable Sales in California*.

The City of Compton is within the Los Angeles County Sanitation District. City sewage is transmitted to a regional treatment facility located in Carson where the treated effluent is then transmitted to an ocean outfall located in White Point. The county system is being upgraded to bring treatment performance into compliance with water quality standards as defined by the 1976 amendments to the Federal Pollution Control Act.

Telephone service is provided by the Pacific Telephone Company. The Southern California Edison Company supplies electric power to the city and surrounding areas. The Southern California Gas Company supplies residents of the city with natural gas. The gas company has plans to construct a new 37,500 square-foot headquarters building at their present location in the city.

Seismic Conditions

The Los Angeles area, including Compton, along with the entire State of California, share a history of seismic activity. The last significant earthquake activity in the Compton area resulting in business interruption occurred in 1933.

The impact, if any, on assessed valuation in the city and the ability of the redevelopment agency to meet debt service obligations on outstanding bonds during the term of repayment should an earthquake occur cannot be predicted at this time.

Utilities

The Compton Water Department, a member of the Metropolitan Water District, provides most of the water to city residents and industries. The department is supplemented by eight other minor suppliers serving smaller areas in the city. Prior to February, 1977, 35% of the city's water supply was transported from northern California with the remaining 65% consisting of local groundwater sources. Since that date, the northern California source has been replaced with Colorado River Water due to the current California drought. Compton water users have participated in a voluntary conservation program that has resulted in a 10% to 15% reduction in water use compared to the previous years' levels.

TABLE 18
CITY OF COMPTON 1976 TAXABLE TRANSACTIONS

<i>Type</i>	<i>Permits</i>	<i>Taxable Transactions</i>
Retail Stores		
Apparel stores	36	\$ 3,350,000
General merchandise stores	16	16,607,000
Drug stores	14	5,661,000
Food stores	47	11,675,000
Packaged liquor stores	27	6,976,000
Eating and drinking establishments	109	8,243,000
Home furnishings and appliances	25	3,837,000
Building materials and farm implements	12	2,682,000
Auto dealers and auto supplies	45	24,159,000
Service stations	48	11,149,000
Other retail stores	70	2,929,000
Total Retail Stores	449	\$ 97,268,000
All other outlets	746	\$ 40,080,000
Total All Outlets	1,195	\$137,348,000

Source: State Board of Equalization, annual summaries of *Trade Outlets and Taxable Sales in California*.

Building Activity

Over the last five years nearly 75% of all building activity has been commercial and industrial development with the remainder consisting of single-family dwelling construction. During this period, total building valuation averaged approximately \$10,000,000 annually. During the current year major projects that have been initiated include four warehouses valued at \$1,500,000, \$900,000, \$600,000 and \$236,000; two auto dealerships valued at \$1,050,000 and \$550,000; and a \$150,000 dental office building.

Transportation

The City of Compton is served by the extensive southern California freeway system and has overnight trucking delivery to the cities of Los Angeles, San Diego, and San Francisco, and intermediate points. The Southern Pacific Railroad serves the city, as do Greyhound and Continental Trailways

bus lines. Compton residents are within easy access of Los Angeles International Airport and Long Beach Airport, and are also served by the two other commercial airports in Los Angeles County, Hollywood-Burbank and Van Nuys Airport. The county maintains a municipal airport for general aviation and light business aircraft. Industries within the city are served by the Los Angeles and Long Beach harbors.

Community Services

The City of Compton provides police and fire protection to city residents. The fire department consists of 87 trained firefighters located in fire stations strategically situated throughout the city. One station is located in the Los Angeles Industrial Park. The fire department is equipped with four operational Class A pumpers, a paramedic unit, a snorkle, and a reserve Class A pumper and paramedic unit. The City of Compton has a Class 3 fire protection rating provided by the Insurance Services Office. The ratings are based on a

scale of 2 through 10 with 2 being the best. The police force is manned by 146 sworn officers and equipped with 82 vehicles. The force is currently located in one station in the city with plans for a substation to be completed in December, 1978.

Health care services are available to city residents at the Dominguez Valley Hospital and the Compton Convalescent Hospital. The Dominguez Valley Hospital is an acute care facility with a licensed capacity of 258 beds and is staffed by approximately 160 physicians. The Compton Convalescent Hospital has a licensed capacity of 99 beds and is staffed by 5 physicians. Additional health care service is available at the Family Medical Group, a clinic offering outpatient services, staffed by two physicians.

The city has four county libraries available to the public.

TABLE 19
CITY OF COMPTON NEW CONSTRUCTION VALUATIONS

	1972	1973	1974	1975	1976	Through September 1977
BUILDING VALUATIONS						
Single family	\$ 528,000	\$ 261,000	\$ 10,000	\$ —	\$ 41,000	\$ —
Multi-family	—	—	—	—	—	115,000
Other residential	1,148,000	1,277,000	2,315,000	2,744,000	2,560,000	2,576,000
Total Residential	\$ 1,676,000	\$1,538,000	\$2,325,000	\$ 2,744,000	\$2,601,000	\$2,691,000
Commercial	\$ 4,184,000	\$2,644,000	\$ 808,000	\$ 2,604,000	\$1,080,000	\$3,910,000
Industrial	2,993,000	2,865,000	2,543,000	13,081,000	496,000	1,136,000
Other commercial and industrial	1,587,000	1,493,000	1,573,000	1,041,000	1,299,000	753,000
Total Commercial and Industrial	\$ 8,764,000	\$7,002,000	\$4,924,000	\$16,726,000	\$2,875,000	\$5,799,000
Total Valuations	\$10,440,000	\$8,540,000	\$7,249,000	\$19,470,000	\$5,476,000	\$8,490,000
NUMBER OF DWELLING UNITS						
Single family	34	15	5	—	2	—
Multi-family	—	—	—	—	—	4
Total Dwelling Units	34	15	5	—	2	4

Source: "California Construction Trends", Security Pacific Bank.

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
555 SOUTH FLOWER STREET
LOS ANGELES, CALIFORNIA 90071

Urban Community Development Commission
of the City of Compton:

We have examined the balance sheet and statement of project costs of the Walnut Industrial Park Project of the Community Redevelopment Agency of the City of Compton as of June 30, 1977 and the related statement of changes in project costs for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Walnut Industrial Park Project of the Community Redevelopment Agency of the City of Compton at June 30, 1977 and the changes in its project costs for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

December 7, 1977

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Balance Sheet

June 30, 1977

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Statement of Changes in Project Costs

Year ended June 30, 1977

Assets	
Cash in banks:	
Demand deposits	\$ 729,838
Passbook savings accounts	1,942,722
Time certificates of deposit	
Total cash	\$ 3,762,560
Incremental property taxes receivable (note 3)	344,520
Accounts receivable:	
City of Compton	149,722
Other	718
Total accounts receivable	150,440
Restricted assets held by fiscal agent (note 3):	
Passbook savings accounts	85,422
Investments, at cost, which approximates market	1,475,510
Total restricted assets	3,561,642
Net project costs	2,444,819
	\$ 10,263,981
Liabilities	
Accounts payable	\$ 374,610
Accrued bond interest payable (note 4)	284,978
Other accrued liabilities	6,242
Good faith deposits	15,045
Bonds payable (note 4)	\$ 10,000,000
Less unamortized bond discount	16,490
Net bonds payable	9,583,106
Commitments (note 5)	
	\$ 10,263,981

See accompanying notes to financial statements.

Net project costs, July 1, 1976	\$ 1,323,557
Add project expenditures:	
Planning costs	67,355
Survey costs	107,393
Feasibility studies	54,840
Administrative costs	73,343
Legal services	57,997
Bond interest	706,701
Real estate acquisition	2,704,751
Relocation costs	944
Disposition, lease and retention costs	56,125
Project improvements	240,920
Other	529
Payments to City of Compton (note 5)	358,889
Gross project expenditures	4,429,987
Less project revenues:	
Incremental property taxes (note 3)	2,421,491
Interest:	
Nonrestricted funds	222,575
Restricted funds (note 3)	144,901
Proceeds from the sale of land	519,758
Gross project revenues	3,308,725
Net project costs, June 30, 1977	\$ 2,444,819

See accompanying notes to financial statements.

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Statement of Project Costs

Inception to June 30, 1977

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Notes to Financial Statements

June 30, 1977

Project expenditures:	
Planning costs	\$ 67,355
Survey costs	152,383
Feasibility studies	54,840
Administrative costs	213,737
Legal services	85,577
Bond interest	993,271
Real estate acquisition	5,543,323
Relocation costs	944
Disposition, lease and retention costs	56,625
Project improvements	240,920
Other	529
Payments to City of Compton (note 5)	358,889
Gross project expenditures	10,263,981
Less project revenues:	
Incremental property taxes (note 3)	4,302,990
Interest:	
Nonrestricted funds	347,601
Restricted funds (note 3)	159,227
Proceeds from the sale of land	519,758
Gross project revenues	5,329,576
Net project costs	\$ 2,444,819

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Walnut Industrial Park Project (Project) of the Community Redevelopment Agency of the City of Compton (Agency) have been prepared on the accrual basis of accounting.

Investments

Investments are stated at cost and generally consist of Federal Government-backed securities and bank certificates of deposit.

Incremental Property Taxes

Property taxes are considered as revenues of the Project when notification is received from the County of Los Angeles. At June 30, 1977, such tax revenues were adjusted to their net realizable value by deducting any estimated uncollectible amounts reported to the Agency.

Under terms of the covenants of the Project's \$10,000,000 tax allocation bond issue agreement, all incremental property tax revenues arising from the Project area are to be deposited, when collected, into a designated special fund administered by an independent fiscal agent and pledged to the payment of the principal and interest on the bonds, subject to the terms of the Agency's bond agreement and resolution.

Unamortized Bond Discount

Bonds payable are presented net of unamortized discount from the sale of bonds. Such discount is being amortized over the outstanding period of the bonds.

Project Costs

Costs incurred in the development of the Project, net of revenues earned, have been capitalized.

Tax Increment Financing

Incremental property tax revenues are established pursuant to the California Community Redevelopment Law to account for the excess of taxes levied and collected each year in a designated project area over and above the amount which would have been produced, at current rates, by the assessed value as

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

shown on the last equalized property tax assessment roll prior to the effective date of the ordinance of the City Council establishing the project area. Such funds are restricted to pay the principal of and interest on loans, monies advanced to, or indebtedness incurred by the Agency to finance or refinance the designated redevelopment project (note 3).

When such loans, advances and indebtedness, if any, and interest thereon have been paid, all monies thereafter received from taxes upon the taxable property in the project shall be paid into the funds of the respective taxing agencies.

(2) Creation of the Community Redevelopment Agency of the City of Compton and the Walnut Industrial Park Project

The Agency was created by the City Council of the City of Compton in 1967. The Agency was established pursuant to the Community Redevelopment Law of California, as codified in Part I of Division 24 of the State of California Health and Safety Code. The Walnut Industrial Park Project was adopted by ordinance of the City Council in August 1973 as amended in July 1974 and November 1978. Through the creation of designated Project areas, the Agency is broadly empowered to engage in the general acquisition and development of property in those areas of the City determined to be in a declining state.

(3) Restricted Assets

Under terms of the tax allocation bond agreement, all incremental property tax revenues arising from the Project area are deposited, when collected, into a designated special fund administered by an independent fiscal agent. Such revenues, together with interest earned thereon, are pledged to payment of the principal and interest on the outstanding tax allocation bonds as discussed below. The incremental property tax revenues accumulated in the special fund shall be used in the following priorities:

1. To meet current bond interest requirements
2. To meet current bond principal redemption requirements
3. To make such additional deposits as may be necessary to equal one year's interest on the outstanding bonds, one month prior to any interest payment date

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Notes to Financial Statements, Continued

(3) Restricted Assets, Continued

4. To maintain an additional amount equal to the maximum annual debt service (principal redemption plus interest due). Such amount was originally established from bond proceeds.

If all required deposits have been made, excess incremental property tax revenues may be used for the purchase or call of outstanding bonds or for any other legal purposes, provided that (a) incremental property tax revenues for the current year are equal to at least 125% of maximum annual debt service on all bonds, parity bonds and any loans, advances or indebtedness payable from tax revenues on a parity with the bonds; and (b) that there has been no significant change in the status of the Project which would adversely affect incremental property tax revenues in the succeeding fiscal year.

At June 30, 1977, amounts in the special fund exceeded amounts required to be maintained by \$1,851,579, calculated as follows:

Amounts required to be maintained:	
Interest payment due August 1, 1977	\$ 3-1,313
Interest payment due February 1, 1978	338,125
Principal redemption payment due August 1, 1977	125,000
Maximum annual debt service (for the year ending June 30, 2001)	903,827

Minimum required balance 1,710,663

Additional balance in special fund 1,851,579

Total special fund balance \$ 3,562,242

Incremental property tax revenues received during 1977 exceeded 125% of maximum annual debt service as required under terms of the bond agreement for release of excess incremental property tax revenues for other purposes.

(4) 1976 Walnut Industrial Park Tax Allocation Bonds

Pursuant to the Agency's Resolution Number 24, dated February 3, 1976, the Agency issued \$10,000,000 tax allocation bonds to finance land acquisition and associated redevelopment costs of the Walnut Industrial Park Project. Under terms of the bond agreement, the Agency is required to deposit all incremental property tax revenues, together with interest earned thereon, into a special fund, administered by an independent fiscal agent. Such special fund is to be used to pay the annual principal redemption and interest due on the bonds (note 1).

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Notes to Financial Statements, Continued

(4) 1976 Walnut Industrial Park Tax Allocation Bonds, Continued

The tax allocation bonds mature annually in increasing amounts from August 1, 1977 through August 1, 2001, inclusive, as follows:

Year	Principal amount	Interest rate
1977	\$ 125,000	
1978	150,000	
1979	150,000	
1980	175,000	
1981	175,000	
1982	200,000	
1983	225,000	
1984	225,000	
1985	250,000	
1986	275,000	
1987	300,000	
1988	325,000	
1989-1991	1,125,000	
1992-1996	2,550,000	
1997-2001	3,700,000	
	\$ 10,000,000	

The bonds maturing on or before August 1, 1986 are not subject to call and redemption prior to maturity. Bonds maturing on or after August 1, 1987 may be called before maturity and redeemed at the option of the Agency, in whole or in part, from any source of funds, on August 1, 1986, or on any interest payment date thereafter prior to maturity. Bonds called are to be redeemed at a price for each bond called equal to the principal amount thereof, plus a premium, as shown below:

Redemption year	Premium
1986	3%
1987	2-1/2
1988	2
1989	1-1/2
1990	1
1991	1/2
1992-2001	—

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
Walnut Industrial Park Project

Notes to Financial Statements, Continued

(5) Commitments

At June 30, 1977, the Agency had entered into several agreements on behalf of the Walnut Industrial Park Project which create financial commitments. A summary follows:

- Agreement with certain auto dealers presently located within the Project area to purchase their property for approximately \$1,365,000. As part of these agreements, the auto dealers will relocate to new facilities located elsewhere in the Project area and will pay the Project approximately \$75,000, leaving a net commitment of the Project of approximately \$633,000.
- An agreement to pay the City of Compton yearly excess incremental property taxes arising from the Project area in amounts necessary to pay yearly principal redemption and interest requirements on the City's outstanding City Hall Revenue Bonds. Such payment is contingent upon the availability of excess funds after meeting annual Project requirements. The total amount of the commitment to the City of Compton aggregates approximately \$7,130,000, and is contingently payable in annual installments aggregating approximately \$682,000.
- Agreements with the City of Compton to make certain construction improvements in the Project area. Such agreements aggregate approximately \$215,000.

The Project has approximately \$1,850,000 in other commitments to outside contractors for construction, engineering, legal, disposition and other costs associated with the redevelopment of the Project area.

FIRST SUPPLEMENTAL RESOLUTION NO. 169**RESOLUTION OF THE COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION, ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA, AUTHORIZING THE ISSUANCE OF \$11,000,000 BONDS OF SAID AGENCY TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE WALNUT INDUSTRIAL PARK PROJECT.**

WHEREAS, the Compton Urban Community Development Commission is a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers pursuant to Part 1.7 of Division 24 of the Health and Safety Code of the State of California and the powers of such Commission include the power to operate, govern and exercise all of the nature, power, authority, functions and jurisdiction of the Community Redevelopment Agency of the City of Compton; and

WHEREAS, notwithstanding the fact that the Commission exercises as a governing body the powers of the Community Redevelopment Agency of the City of Compton, California, the Agency remains a separate public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) and the powers of such Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, all formal actions of the Agency shall be in the Agency's name; and

WHEREAS, a redevelopment plan for a project known and designated as the "Walnut Industrial Park Project" has heretofore been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, said plan contemplates that the Agency will issue its bonds to finance a portion of the cost of such redevelopment; and

WHEREAS, the Agency has heretofore provided for the creation and authorization of its Walnut Industrial Park Project, Tax Allocation Bonds (the "Bonds") and the issuance, execution and delivery of \$10,000,000 aggregate principal amount of its 1976 Walnut Industrial Park Project, Tax Allocation Bonds; and

WHEREAS, Section 20 of Resolution No. 24 provides that the Agency may establish one or more series of bonds of equal rank with the 1976 Walnut Industrial Park Project, Tax Allocation Bonds, and

WHEREAS, the Agency determines that it will not have sufficient moneys available from the sale of the 1976 Walnut Industrial Park Project, Tax Allocation Bonds and other sources to pay the costs of the Redevelopment Project and deems it necessary to issue additional tax allocation bonds, to be designated "1978 Walnut Industrial Park Project, Tax Allocation Bonds", (1978 Bonds) for the aforesaid purpose in the aggregate principal amount of \$11,000,000; and

WHEREAS, the aggregate principal amount and terms of the 1978 Walnut Industrial Park, Tax Allocation Bonds hereinafter set forth and the purpose of the issue satisfy the conditions set forth in Resolution No. 24 and all requirements of said Resolution No. 24 and law applicable to the issuance of Parity Bonds have been complied with or will, upon the delivery of the 1978 Walnut Industrial Park Project, Tax Allocation Bonds to the purchaser thereof and payment therefor, have been complied with; and

WHEREAS, all acts and proceedings necessary to constitute this First Supplemental Resolution a valid and binding Supplemental Resolution in accordance with the terms of Resolution No. 24 and to make said Resolution No. 24 as supplemented and amended by this First Supplemental Resolution a valid and binding trust instrument for the security of all of the Bonds have been duly done and performed and the execution and delivery of this First Supplemental Resolution have been in all respects duly authorized; and

WHEREAS, the City Council of the City of Compton has by resolution approved the issuance of the 1978 Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency of the City of Compton, California, as follows:

SECTION 1. *Terms of the 1978 Walnut Industrial Park Project, Tax Allocation Bonds.*

An additional series of Bonds in the aggregate principal amount of \$11,000,000 to be issued under Resolution No. 24 and this First Supplemental Resolution is hereby created, and such series of bonds is hereby designated as the "1978 Walnut Industrial Park Project, Tax Allocation Bonds" (1978 Bonds). The 1978 Bonds shall be dated February 1, 1978, and interest thereon shall be payable annually on February 1, 1979, and thereafter semiannually on August 1 and February 1 in each year. The 1978 Bonds shall mature on August 1 in the following years and in the following amounts.

MATURITY SCHEDULE

Year of Maturity	Principal Maturing August 1	Year of Maturity	Principal Maturing August 1
1979.....	\$185,000	1992.....	\$425,000
1980.....	200,000	1993.....	450,000
1981.....	210,000	1994.....	480,000
1982.....	225,000	1995.....	510,000
1983.....	240,000	1996.....	545,000
1984.....	255,000	1997.....	580,000
1985.....	275,000	1998.....	620,000
1986.....	290,000	1999.....	660,000
1987.....	310,000	2000.....	700,000
1988.....	330,000	2001.....	745,000
1989.....	350,000	2002.....	795,000
1990.....	375,000	2003.....	845,000
1991.....	400,000		

The 1978 Bonds will be issued either as coupon bonds in the denomination of \$5,000 each or as fully registered bonds in the denominations of \$5,000 or any multiple thereof. The bonds are serial bonds and shall be numbered 1 to 2,200 inclusive.

Both the principal of and interest on the bonds shall be payable in lawful money of the United States at the principal office of the fiscal agent of the agency, United California Bank in Los Angeles or San Francisco, California, and at the offices of the paying agents, Manufacturers Hanover Trust Company, New York, New York, and the Northern Trust Company, Chicago, Illinois.

In the manner and with the effect provided in this First Supplemental Resolution, the 1978 Bonds will be subject to redemption prior to maturity to the extent and as set forth in Section 4 of this First Supplemental Resolution.

SECTION 2. *Forms of Bonds.*

The bearer Bonds and the interest coupons pertaining thereto and the fully registered Bonds, form of registration to appear on fully registered Bonds and the form of assignment shall be substantially as hereinafter set forth with necessary or appropriate variations, omissions and insertions as permitted or required by this resolution.

[FORM OF BEARER BOND]

UNITED STATES OF AMERICA
 STATE OF CALIFORNIA
 COUNTY OF LOS ANGELES
 CITY OF COMPTON

COMMUNITY REDEVELOPMENT CENTER OF THE CITY OF COMPTON
 1978 WALNUT INDUSTRIAL PARK PROJECT, TAX ALLOCATION BOND

No. _____

\$5,000

The COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON (hereinafter sometimes called the Agency), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the bearer, on August 1, ____ (subject to right of prior redemption as hereinafter stated), upon presentation and surrender of this bond, the sum of FIVE THOUSAND DOLLARS (\$5,000), with interest thereon (payable solely from said funds) from the date hereof at the rate of ____% per annum, interest payable semiannually on the first day of August and the first day of February of each and every year, except that interest for the first year shall be paid on February 1, 1979, until this bond is paid, upon presentation and surrender of the respective interest coupons hereto attached; provided, however, that if the maturity date of this bond or, if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in the resolution hereinafter mentioned, this bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America at the main office of United California Bank, Fiscal Agent for the Agency, in Los Angeles, California, or San Francisco, California, or, at the option of the holder hereof, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

This bond, the interest thereon, or any premium payable upon the redemption thereof, are not a debt of the City of Compton, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be paid out of any funds or properties other than the funds of the Agency hereinafter mentioned. This bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this bond are liable personally on this bond by reason of its issuance.

This bond is one of a duly authorized issue of bonds of the Agency designated "1978 Walnut Industrial Park Project, Tax Allocation Bonds" (hereinafter called "the bonds"), limited in aggregate principal amount to \$11,000,000, issued on a parity with the Agency's \$10,000,000 1976 Walnut Industrial Park Project, Tax Allocation Bonds, all of like tenor (except for bond numbers) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of financing a portion of the cost of the redevelopment project above designated, and are authorized by and issued pursuant to the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency, Resolution No. 24 and Resolution No. ____ (hereinafter called "the resolutions") adopted on February 3, 1976, and December 20, 1977, respectively, and all of the bonds are equally secured in accordance with the terms of the resolutions, reference to which is hereby made for a specific description of the security therein provided for said bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this bond the holder thereof and of the coupons attached hereto assents to all of the terms, conditions and provisions of said resolutions. In the manner provided

in the resolutions, said resolutions and the rights and obligations of the Agency and of the holders of said bonds and coupons, may (with certain exceptions as stated in said resolutions) be modified or amended with the consent of the holders of at least 60% in aggregate principal amount of outstanding bonds, exclusive of issuer-owned bonds.

The principal of this bond, the interest thereon, and any premium payable upon redemption thereof are secured by an irrevocable and first pledge of, and are payable solely from, the Tax Revenues (as such term is defined in the resolutions) and other funds, all as more particularly set forth in the resolutions.

This bond is callable and redeemable prior to maturity in accordance with the provisions for redemption endorsed hereon.

This bond and the coupons hereto attached are negotiable instruments and shall be negotiable by delivery. This bond (issued in the form of a bearer bond and herein sometimes referred to as "bearer bond"), is not registrable by endorsement. Fully registered bonds may be exchanged for a like aggregate principal amount of bearer bonds of the same series, interest rate and maturity bearing all unmatured coupons or for a like aggregate principal amount of fully registered bonds of other authorized denominations of the same series and bearer bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of fully registered bonds of authorized denomination of the same series.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this bond to be signed on its behalf by its Chairman and by its Secretary, by his facsimile signature, and the seal of said Agency to be impressed, imprinted or reproduced hereon, and the interest coupons hereto attached to be signed by said Secretary by his facsimile signature and this bond to be dated the first day of February, 1978.

Chairman of the Community Redevelopment
Agency of the City of Compton

(SEAL)

Secretary of the Community Redevelopment
Agency of the City of Compton

[COUPON FORM]

On the first day of _____, 19____
The COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, subject to
the provisions on the reverse hereof, will pay to bearer, at the main office of United
California Bank, Fiscal Agent for the Agency, in Los Angeles, California, or San Francisco, California, or, at the option of the holder, at the office of any Paying
Agent of the Agency in New York, New York, or Chicago, Illinois, solely out of
the funds mentioned in the bond to which this coupon is attached, the sum of \$ _____
Coupon No. _____

in lawful money of the United States of America, being the semiannual interest
then due on its 1978 WALNUT INDUSTRIAL PARK PROJECT, TAX ALLOCATION
BOND, dated February 1, 1978. No. _____

Secretary of the Community Redevelopment
Agency of the City of Compton

[REVERSE OF COUPON]

If the bond to which this coupon is attached is duly called for redemption on a date prior to the maturity date of this coupon, this coupon will be void.

PROVISIONS FOR REDEMPTION

If this bond matures on or after August 1, 1989, it is redeemable at the price, in the manner, subject to the terms and provisions, and with the effect, set forth in the resolutions of the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency of the City of Compton, referred to on the face of this bond, at the option of said Agency, on August 1, 1988, or on any interest payment date thereafter prior to maturity.

[FORM OF FULLY REGISTERED BOND]

Fully Registered Bond

No. R. _____

Bearer Bond Nos. _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
1978 WALNUT INDUSTRIAL PARK PROJECT, TAX ALLOCATION BOND

The COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON (hereinafter sometimes called the Agency), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to _____ or registered assigns on August 1, _____ (subject to the right of prior redemption hereinafter mentioned), the principal sum of _____ Dollars (\$_____), together with interest thereon from the interest payment date next preceding the date hereof (unless the date hereof is prior to February 1, 1979, in which event from February 1, 1978, or unless this bond is dated August 1 or February 1, in which event from the date hereof) at the rate of ____% per annum, interest payable semiannually on the first day of August and the first day of February of each and every year except interest for the first year which shall be paid on February 1, 1979, until this bond is paid; provided, however, that if at the maturity date of this bond or, if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in the resolution hereinafter mentioned, this bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America at the main office of United California Bank, Fiscal Agent for the Agency, in Los Angeles,

California, or San Francisco, California, or, at the option of the holder hereof, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

This bond, the interest thereon, or any premium payable upon the redemption thereof, are not a debt of the City of Compton, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be payable out of any funds or properties other than the funds of the Agency hereinafter mentioned. This bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this bond are liable personally on this bond by reason of its issuance.

This bond is one of a duly authorized issue of bonds of the Agency designated "1978 Walnut Industrial Park Project, Tax Allocation Bonds" (hereinafter called "the bonds"), limited in aggregate principal amount to \$11,000,000, issued on a parity with the Agency's \$10,000,000 1976 Walnut Industrial Park Project, Tax Allocation Bonds, all of like tenor (except for bond numbers and dates) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of financing a portion of the cost of the redevelopment project above designated, and are authorized by and issued pursuant to Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency Resolution No. 24 and Resolution No. ____ (hereinafter called "the resolutions") adopted on February 3, 1976, and December __, 1977, respectively, and all of the bonds are equally secured in accordance with the terms of the resolutions, reference to which is hereby made for a specific description of the security therein provided for said bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this bond the holder thereof and of the coupons attached hereto assents to all of the terms, conditions and provisions of said resolutions. In the manner provided in the resolutions, said resolutions and the rights and obligations of the Agency and of the holders of said bonds and coupons, may (with certain exceptions as stated in said resolutions) be modified or amended with the consent of the holders of 60% in aggregate principal amount of outstanding bonds, exclusive of issuer-owned bonds.

The principal of this bond, the interest thereon, and any premium payable upon redemption thereof are secured by an irrevocable and first pledge of, and are payable solely from, the Tax Revenues (as such term is defined in said resolutions) and other funds, all as more particularly set forth in the resolutions.

This bond is callable and redeemable prior to maturity in accordance with the provisions for redemption endorsed hereon.

This bond is issued in fully registered form (herein sometimes referred to as "fully registered bond") and is non-negotiable. This bond may be exchanged for a like aggregate principal amount of bearer bonds of the same series, interest rate and maturity bearing all unmatured coupons or for a like aggregate principal amount of fully registered bonds of other authorized denominations of the same series, interest rate and maturity and bearer bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of fully registered bonds of authorized denominations of the same series, interest rate and maturity.

This bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the main office of the Fiscal Agent in the City of Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the resolutions, and upon surrender and cancellation of this bond. Upon such transfer a new registered bond of authorized denomination or denominations for the same aggregate principal amount of the same series, interest rate and maturity will be issued to the transferee in exchange herefor. The Agency and the

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Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

This bond shall not be entitled to any benefit under the resolutions, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this bond to be signed on its behalf by its Chairman and by its Secretary, by his facsimile signature, and the seal of said Agency to be impressed, imprinted or reproduced hereon, and the interest coupons hereto attached to be signed by said Secretary by his facsimile signature and this bond to be dated the _____ day of _____, 19____.

Chairman of the Community Redevelopment
Agency of the City of Compton

(SEAL)

Secretary of the Community Redevelopment
Agency of the City of Compton

[FORM OF CERTIFICATE OF AUTHENTICATION ON FULLY REGISTERED BONDS]

This is one of the bonds described in the within-mentioned resolution.

UNITED CALIFORNIA BANK,
Fiscal Agent

By

[FORM OF ENDORSEMENT ON REGISTERED BONDS]

This registered bond, issued in fully registered form without coupons, is issued in lieu of or in exchange for bearer bond(s) of this issue of the denomination of \$5,000 and bearing the bond numbers shown on the face hereof, each not contemporaneously outstanding, aggregating the face value hereof; and bearer bonds of this same issue and of the denomination of \$5,000 and bearing the numbers above referred to, have been reserved and will be issued in exchange for this bond in the manner, with the effect and under the terms and conditions stated on the face of the bond and in the resolution referred to therein.

[FORM OF ASSIGNMENT]

For value received _____ hereby sells, assigns and transfers
unto _____ the within-mentioned bond and hereby irrevocably

constitutes and appoints _____ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

NOTE: The signature to this Agreement must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

PROVISIONS FOR REDEMPTION

If this bond matures on or after August 1, 1989, it is redeemable at the price, in the manner, and subject to the terms and provisions, and with the effect, set forth in the resolutions of the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency of the City of Compton, referred to on the face of this bond, at the option of said Agency, on August 1, 1988, or on any interest payment date thereafter prior to maturity.

SECTION 3. *Application of Proceeds of 1978 Walnut Industrial Park Project, Tax Allocation Bonds.*

Concurrently with the initial delivery of and payment for the 1978 Walnut Industrial Park Project, Tax Allocation Bonds, the proceeds of the sale thereof shall be transferred for deposit in the following respective amounts to the following respective funds or accounts:

(a) In the Interest Account (established in the 1976 Bonds Special Fund pursuant to Section 18(a) of Resolution No. 24) the accrued interest and any premium received upon the sale of the Bonds.

(b) In the Reserve Account (established pursuant to Section 18(d) of Resolution No. 24) an amount equal to Maximum Annual Debt Service on the Bonds, as computed at the time the Bonds are delivered to the original purchasers thereof; and

(c) In the Redevelopment Fund (established pursuant to Section 15 of Resolution No. 24) the remainder of the proceeds.

SECTION 4. *Redemption of 1978 Walnut Industrial Park Project, Tax Allocation Bonds.*

The 1978 Bonds maturing on or before August 1, 1988, are not subject to redemption prior to their stated maturity dates.

The 1978 Bonds maturing on or after August 1, 1989, may be called before maturity and redeemed at the option of the Agency, in whole or in part, from any source of funds, on August 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all of the bonds outstanding are to be redeemed at any one time, the bonds are to be redeemed in inverse order of maturity and by lot within a maturity.

Bonds called for redemption are to be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus the premium shown below.

PREMIUMS AND REDEMPTION YEARS

Premium	Redemption Year
3 %	1988
2½ %	1989
2 %	1990
1½ %	1991
1 %	1992
½ %	1993
0 %	1994-2003

Except as otherwise provided in this Section 4, the redemption of the 1978 Walnut Industrial Park Project, Tax Allocation Bonds shall be subject to the provisions of Sections 11, 12, 13 and 14 of Resolution No. 24 relating to the redemption of the Bonds.

SECTION 5. *Tax Revenues.*

Section 17 of Resolution No. 24 hereby is amended, insofar as the same applies to the 1978 Walnut Industrial Park Project, Tax Allocation Bonds, to read as follows:

Section 17. Tax Revenues.

As provided in the Redevelopment Plan pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (hereinafter sometimes called "taxing agencies") after the effective date of the ordinances approving the Redevelopment Plan (being Ordinance No. 1438 adopted by the Council of the City of Compton on August 28, 1973, which ordinance became effective on September 27, 1973, as amended by Ordinance No. 1455 adopted by the Council of the City of Compton on July 20, 1974, which amending ordinance became effective on August 19, 1974, as amended by Ordinance No. 1512 adopted by the Council of the City of Compton on December 1, 1976, which amending ordinance became effective on December 31, 1976) shall be divided as follows:

(1) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to September 27, 1973, being the effective date of the ordinance approving the Redevelopment Plan with reference to property described in the Redevelopment Plan approved by that ordinance, and the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to August 19, 1974, being the effective date of the first amending ordinance approving and amending the Redevelopment Plan, with reference to property added to the Redevelopment Plan, as by virtue of such amendment and the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to December 1, 1976, being the effective date of the second amending ordinance approving and amending the Redevelopment Plan with reference to property added to the Redevelopment Plan by virtue of such amendment and shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies; and

(2) That portion of said levied taxes each year in excess of such amount shall be allocated to and when collected shall be paid into the Special Fund of the Agency.

The foregoing provisions of this section are a portion of the provisions of said Article 6 of Chapter 6 of the Law as applied to the Bonds and shall be interpreted in accordance with said Article 6, and the further provisions and definitions contained in said Article 6 are hereby incorporated herein by reference and shall apply.

The Tax Revenues (except that portion which the Agency may use pursuant to Section 18 hereof for any purpose authorized in said Article 6) are hereby allocated and pledged in their entirety to the payment of the principal of, interest on, and premiums payable upon redemption of, said Bonds as in this resolution provided, and until all of said Bonds, and all interest thereon, have been paid (or until moneys for that purpose have been irrevocably set aside) the Tax Revenues shall be applied solely to the payment of the Bonds, the interest thereon and premiums payable upon redemption thereof, as in this resolution provided. Such allocation and pledge is for the exclusive benefit of the holders of the Bonds and shall be irrevocable.

SECTION 6. *Provisions of Resolution No. 24.*

Except insofar as herein otherwise expressly provided, all the definitions, provisions, terms and conditions of Resolution No. 24 shall be deemed to be incorporated in and made a part of this First Supplemental Resolution; and Resolution No. 24, as amended and supplemented by this First Supplemental Resolution, is in all respects ratified and confirmed, and Resolution No. 24 and this First Supplemental Resolution shall be read, taken and considered as one and the same instrument; and the Agency agrees to conform to and comply with all and singular the terms, provisions, covenants and conditions set forth therein and herein.

SECTION 7. *Limitation of Allocation of Funds.*

To the extent required by Section 33645 of the Health and Safety Code, tax-increment funds allocated to the Agency pursuant to Section 33670 of said Code shall not be payable to any trustee on account of any issued bonds when sufficient funds have been placed with the trustee to redeem all outstanding bonds of the issue.

SECTION 8. *Separability of Invalid Provisions.*

In case any one or more of the provisions contained in this First Supplemental Resolution should be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions contained in this First Supplemental Resolution; and to the extent, and only to the extent, that any such provision is invalid, illegal or unenforceable, this First Supplemental Resolution shall be construed as if such provision had never been contained herein.

SECTION 9. *Execution in Multiple Copies.*

This First Supplemental Resolution may be executed in multiple counterparts, and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Agency and the Fiscal Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 10. *Effective Date.*

This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED this 20th day of December, 1977.

/s

Chairman of the Community Redevelopment
Agency of the City of Compton

ATTEST:

/s

Secretary of the Community Redevelopment
Agency of the City of Compton

(SEAL)

RESOLUTION NO. 24

Resolution

of the

Compton Urban Community Development Commission

Acting as the

Community Redevelopment Agency

of the City of Compton, California

Authorizing the Issuance of

\$10,000,000 Bonds of Said Agency

to Finance a Portion of the Cost

of a Redevelopment Project

Known as

The Walnut Industrial Park Redevelopment Project No. 3

RESOLUTION NO. 24

RESOLUTION OF THE COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION, ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA, AUTHORIZING THE ISSUANCE OF \$10,000,000 BONDS OF SAID AGENCY TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE WALNUT INDUSTRIAL PARK REDEVELOPMENT PROJECT NO. 3.

WHEREAS, the Compton Urban Community Development Commission is a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers pursuant to Part 1.7 of Division 24 of the Health and Safety Code of the State of California and the powers of such Commission include the power to operate, govern and exercise all of the nature, power, authority, functions and jurisdiction of the Community Redevelopment Agency of the City of Compton; and

WHEREAS, notwithstanding the fact that the Commission exercises as a governing body the powers of the Community Redevelopment Agency of the City of Compton, California, the Agency remains a separate public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) and the powers of such Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, all formal actions of the Agency shall be in the Agency's name; and

WHEREAS, a redevelopment plan for a project known and designated as the "Walnut Industrial Park Redevelopment Project No. 3" has heretofore been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, said plan contemplates that the Agency will issue its bonds to finance a portion of the cost of such redevelopment; and

WHEREAS, the Agency deems it necessary to issue tax allocation bonds for the aforesaid purpose;

Now, THEREFORE, BE IT RESOLVED by the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency of the City of Compton, California, as follows:

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Section 1. **Definitions.** As used in this resolution the following terms shall have the following meanings:

(a) "Bonds" means the \$10,000,000 bonds authorized by this resolution.

(b) "Fiscal Agent" means the bank appointed by the Agency pursuant to Section 23 hereof, its successors and assigns, and any other bank or trust company which may at any time be substituted in its place, as provided in this resolution.

(c) "Fiscal year" means the year period beginning on July 1st and ending on the next following June 30th.

(d) "Independent Accountant" means a certified public accountant or a firm of certified public accountants.

(e) "Independent Redevelopment, Fiscal and Administrative Consultant" means an individual or group of individuals of favorable reputation employed by the Agency for purposes of analysis of fiscal and other related matters.

(f) "Law" or "Redevelopment Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

(g) "Maximum Annual Debt Service" means the largest of the sums obtained for any Fiscal Year after the computation is made, by totaling the following for each such Fiscal Year:

(1) The principal amount of all outstanding serial Bonds and serial Parity Bonds payable in such Fiscal Year; and

(2) The amount of Minimum Sinking Fund Payments for outstanding term Parity Bonds (there being no term Bonds in this issue) to be made in such Fiscal Year in accordance with the applicable schedule or schedules of Minimum Sinking Fund Payments together with the premium thereon, if any, be payable and

(3) The interest which would be due during such Fiscal Year on the aggregate principal amount of Bonds and Parity Bonds (serial and/or term) which would be outstanding in such Fiscal Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedule or schedules for the serial Bonds and the applicable schedule or schedules of Minimum Sinking Fund Payments for term Parity Bonds.

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At the time and for the purpose of making such computation for each such Fiscal Year, the amount of term Parity Bonds already retired in advance of the above mentioned schedule or schedules of Minimum Sinking Fund Payments for term Parity Bonds shall be deducted pro rata from the remaining amounts thereon.

(h) "Minimum Sinking Fund Payments" means the amount of money to be deposited into a Term Bond Sinking Fund Account to be used to redeem term Parity Bonds, at the principal amounts thereof, plus premium, if any, in the amounts and at the times set forth in the applicable schedule or schedules of Minimum Sinking Fund Payments contained in any resolution providing for the issuance of Parity Bonds.

(i) "Parity Bonds" means any additional tax allocation bonds or notes issued by the Agency as permitted by Section 20 of this resolution, which are payable from Tax Revenues on a parity with the Bonds.

(j) "Paying Agent" means any paying agent appointed by the Agency pursuant to this resolution.

(k) "Redevelopment Agency" or "Agency" means the Community Redevelopment Agency of the City of Compton, California.

(l) "Redevelopment Plan" means the redevelopment plan for the Redevelopment Project Area approved and adopted by Ordinance No. 1438 of the City Council of the City of Compton and includes any amendment of said plan heretofore or hereafter made pursuant to law.

(m) "Redevelopment Project" means the project of carrying out, pursuant to the Law, the Redevelopment Plan for the Redevelopment Project Area.

(n) "Redevelopment Project Area" means the project area described and defined in the Redevelopment Plan, which project area is known and designated as the "Walnut Industrial Park Redevelopment Project No. 3."

(o) "Tax Revenues" means that portion of taxes levied upon taxable property in the Redevelopment Project Area and received by the Agency, which is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, all as more particularly set forth hereafter in this resolution.

(p) "Treasurer" or "Treasurer of the Agency" means the officer who is then performing the functions of Treasurer of the Agency.

Section 2. Amount, Issuance and Purpose of Bonds. Under and pursuant to the Law and this resolution, Bonds of the Redevelopment Agency in the principal amount of \$10,000,000 shall be issued by the Agency for the purpose of financing a portion of the cost of the Redevelopment Project and for other purposes related thereto as hereinafter provided.

Section 3. Nature of Bonds. The Bonds shall be and are special obligations of the Agency and are secured by an irrevocable and first pledge of, and are payable as to both principal and interest from Tax Revenues and other funds as hereinafter provided. Said Bonds, the interest thereon, and any premiums payable upon the redemption of any thereof, are not a debt of the City of Compton, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable on them, nor in any event shall said Bonds, interest or premiums be payable out of any funds or properties other than those of the Agency as in this resolution set forth. Said Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured by an irrevocable and first pledge of Tax Revenues and other funds as hereinafter provided, without priority for number, date of sale, date of execution, or date of delivery, except as expressly provided herein.

The validity of the Bonds is not and shall not be dependent upon the completion of the Redevelopment Project or upon the performance by anyone of his obligation relative to the Redevelopment Project.

Nothing in this resolution shall preclude the redemption and payment of the Bonds prior to maturity, or the payment thereof at maturity, from the proceeds of refunding bonds or other obligations issued pursuant to law. Nothing in this resolution shall prevent the Agency from making advances of its own funds howsoever derived to any of the uses and purposes mentioned in this resolution.

Section 4. Description of Bonds. The Bonds shall be in the principal amount of \$10,000,000 and shall be designated 1976 WALNUT INDUSTRIAL PARK PROJECT, TAX ALLOCATION BONDS. The Bonds may be initially issued in the form of Bearer Bonds in the denomination of \$5,000 each, or in the form of Fully Registered Bonds, in denominations of \$5,000 each or any multiple thereof. The Bearer Bonds shall be dated as of February 1, 1976, and shall be numbered from 1 to 2000. The Bonds shall be serial

Bonds and shall mature in the following amounts on August 1 of the following years:

<u>Year of Maturity</u>	<u>Principal Maturing August 1</u>
1977	\$ 125,000
1978	150,000
1979	150,000
1980	175,000
1981	175,000
1982	200,000
1983	225,000
1984	225,000
1985	250,000
1986	275,000
1987	300,000
1988	325,000
1989	350,000
1990	375,000
1991	400,000
1992	425,000
1993	475,000
1994	500,000
1995	550,000
1996	600,000
1997	625,000
1998	700,000
1999	750,000
2000	800,000
2001	875,000

Section 5. Interest. The Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution but not to exceed eight per cent (8%) per annum, payable semiannually on August 1 and February 1 of each year except that interest for the first year shall be paid on February 1, 1977. Each Bond shall bear interest until the principal sum thereof has been paid, provided, however, that if at the maturity date of any Bond, or if the same has been duly called for redemption, funds are available for the payment or redemption thereof in full accordance with the terms of this resolution, said Bond shall then cease to bear interest.

The fully registered Bonds shall be numbered by the Fiscal Agent as it shall determine and shall be dated as of the date of authentication thereof, except that fully registered Bonds issued upon exchanges and transfers shall be dated so that no gain or loss of interest shall result from such exchange or transfer. Each fully registered Bond shall bear interest from the interest payment date next preceding the date thereof unless it is dated as of an interest payment date, in which event it shall bear interest from the date thereof, or unless it is dated prior to the first interest payment date, in which event it shall bear interest from February 1, 1976. Interest on fully registered Bonds shall be paid by the Fiscal Agent by check or draft mailed to the registered owner at his address as it appears on the bond register kept by the Fiscal Agent pursuant to Section 9 of this resolution.

Section 6. Place of Payment. The Bonds and the interest thereon shall be payable in lawful money of the United States of America at the main office of the Fiscal Agent in Los Angeles, California, or San Francisco, California, or, at the option of the holder, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

Section 7. Execution of Bonds. The Bonds shall be signed on behalf of the Agency by its Chairman by his manual or facsimile signature and by its Secretary by his manual signature, and the seal of the Agency shall be impressed, imprinted or reproduced thereon. The interest coupons on said Bonds shall be signed by said Secretary by his manual or facsimile signature. The foregoing officers are hereby authorized and directed to sign the Bonds and coupons in accordance with this section.

The Bonds may be initially issued in temporary form exchangeable for definite Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this resolution as may be appropriate. Every temporary Bond shall be executed by the Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive coupon Bonds of the same interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this resolution as definitive Bonds delivered hereunder.

Section 8. ~~Types of Bonds, Registration, Discharge and Exchange.~~ To facilitate registration of the Bonds, two forms thereof have been provided:

(1) Those which shall be initially issued and which are in negotiable form, payable to bearer, with negotiable coupons (herein sometimes referred to as "bearer Bonds"); and

(2) Those which are issued to facilitate registration and so are issued as non-negotiable fully registered bonds payable to the registered owner (herein sometimes referred to as "fully registered Bonds").

The bearer Bonds are not registrable by endorsement, but may be exchanged for fully registered Bonds as provided herein.

A bearer Bond or Bonds may be registered by exchanging the same for a fully registered Bond or Bonds, as the case may be. A bearer Bond or Bonds and a fully registered Bond or Bonds may be exchanged for a fully registered Bond or Bonds. A fully registered Bond may be exchanged in whole for bearer Bonds or in part for such bearer Bonds and the balance for fully registered Bonds. Transfer of ownership of a fully registered Bond or Bonds shall be made by exchanging the same for a new fully registered Bond or Bonds. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Agency; provided, however, no such exchange shall be made between the fifteenth day preceding any interest payment date and such interest payment date. Such exchanges shall be free of any costs or charges to the person, firm or corporation requesting such exchange, except for any tax or governmental charge that may be imposed in connection with such an exchange. Each bearer Bond issued pursuant to this resolution shall be of the denomination of \$5,000. Each fully registered Bond issued pursuant to this resolution shall be of a denomination which is \$5,000 or a multiple thereof.

Section 9. **Bond Register.** The Fiscal Agent will keep or cause to be kept at its office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency; and, upon presentation for such purposes, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said register, Bonds as hereinbefore provided.

Section 10. **Redemption of Bonds Prior to Maturity.**

A. *Terms of Redemption.* The Bonds maturing on or before August 1, 1986, are not subject to call and redemption prior to maturity. Bonds

maturing on or after August 1, 1987, may be called before maturity and redeemed at the option of the Agency, in whole or in part, from any source of funds, on August 1, 1986, or on any interest payment date thereafter prior to maturity. If less than all the Bonds outstanding are to be redeemed at any one time, the Bonds are to be redeemed in inverse order of maturity, and by lot within a maturity. Bonds called for redemption are to be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof plus the following premium (percentage of principal amount) if redeemed on a redemption date in the following years:

Premiums and Redemption Years for Optional Call	
Premium	Redemption Years
3 %	1986
2½	1987
2	1988
1½	1989
1	1990
½	1991
0	1992 — 2001

The interest payment date on which Bonds which are to be presented for redemption is herein sometimes called the “redemption date.”

B. Call and Redemption. The Agency may (and, if required by Section 18 hereof, shall) by resolution direct the call and redemption prior to maturity of Bonds by the Fiscal Agent in such amounts as funds are available therefor and shall give notice to the Fiscal Agent of such redemption at least sixty (60) days prior to the redemption date.

Section 11. Notice of Redemption. Notice of the intended redemption shall be published by the Fiscal Agent by one insertion in a financial newspaper or journal of national circulation published in The City of New York, New York, said publication to be at least 30 days but not more than 90 days prior to the redemption date, provided that notice of redemption may be given and published earlier than said 90th day if provision is made for the republication of said notice within the period above prescribed. The notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the numbers and dates of maturity of the Bonds to be redeemed; provided, however, that whenever any call includes all of the outstanding Bonds of any maturity, the numbers of the Bonds need not be stated; (d) require that bearer Bonds be surrendered with all interest coupons matur-

ing subsequent to the redemption date at the main office of the Fiscal Agent in Los Angeles, California, or San Francisco, California, or, at the option of the holder, at the office of any Paying Agent in Chicago, Illinois, or New York, New York; (e) state, as to any fully registered Bonds redeemed in part only, the registered bond numbers and the principal portion thereof to be redeemed; and (f) state that interest on the Bonds on the principal portion thereof in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium thereon (such premium to be specified).

If any of the Bonds designated for redemption shall be fully registered Bonds, the Fiscal Agent shall, on or before the date of publication of said notice of redemption, mail a similar notice, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registry books. If at the time of giving notice of redemption no Bonds are outstanding except fully registered Bonds, publication of such notice shall be deemed to be waived if it is so mailed to each registered owner.

The actual receipt by the holder of any Bond (hereinafter referred to as "bondholder") of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption. The notice or notices required by this section shall be given by the Fiscal Agent. A certificate by the Fiscal Agent that notice of call and redemption has been given to holders of fully registered Bonds as herein provided shall be conclusive as against all parties, and no bondholder whose fully registered Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to receive actual notice of call and redemption.

Section 12. Partial Redemption of Fully Registered Bond. Upon surrender of any fully registered Bond redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and maturity, which new Bond or Bonds may be, at the option of the registered owner, either a bearer Bond or Bonds or a fully registered Bond or Bonds. The registered owner of any fully registered Bond may, in lieu of surrendering

such Bond for a new Bond, endorse on the reverse of such Bond a notation of such partial redemption, in such form as may be satisfactory to the Agency and the Fiscal Agent and under such conditions as the Fiscal Agent may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Agency and the Fiscal Agent shall be released and discharged from all liability to the extent of such payment, irrespective of whether such endorsement shall or shall not have been made upon the reverse of such fully registered Bond by such registered owner and irrespective of any error or omission in such endorsement.

Section 13. **Redemption Fund.** Prior to the time the Agency determines to call and redeem any of the Bonds there shall be established a redemption fund to be described or known as Walnut Industrial Park Tax Allocation Bonds, Redemption Fund (hereinafter sometimes referred to as "Redemption Fund") to be held by the Fiscal Agent, and prior to the publication of the notice of redemption the Fiscal Agent must set aside in said Redemption Fund moneys available for the purpose and sufficient to redeem, at the premiums payable as in this resolution provided, the Bonds designated in such notice of redemption. Said moneys must be set aside in said fund solely for that purpose and shall be applied on or after the redemption date to payment (principal and premium) for the Bonds to be redeemed upon presentation and surrender of such Bonds and (except as to fully registered Bonds) all interest coupons maturing after the redemption date, and shall be used only for that purpose. Any interest coupon due on or prior to the redemption date shall be paid from the Special Fund provided in Section 18 hereof, upon presentation and surrender thereof. Each bearer Bond presented must have attached thereto or presented therewith all interest coupons maturing after the redemption date. If after all of the Bonds called have been redeemed and cancelled or paid and cancelled there are moneys remaining in the Redemption Fund, said moneys shall be transferred to the Special Fund; provided, however, that if said moneys are part of the proceeds of refunding obligations, said moneys shall be transferred to the fund created for the payment of principal of and interest on such refunding obligations.

Section 14. **Effect of the Notice of Redemption.** When notice of redemption has been given, substantially as provided in Section 11 hereof, and when the amount necessary for the redemption of the Bonds called for redemption (principal and premium) is set aside for that purpose in the Redemption Fund, as provided in Section 13 hereof, the Bonds designated

for redemption shall become due and payable on the redemption date, and, upon presentation and surrender of said Bonds and (except as to fully registered Bonds) all interest coupons maturing after the redemption date, at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund, and no interest will accrue on such Bonds called for redemption or on any interest coupons thereof after the redemption date specified in such notice, and the holders of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon only to the Redemption Fund. All Bonds redeemed and all interest coupons thereof shall forthwith be cancelled by the Fiscal Agent and shall not be reissued.

All interest coupons pertaining to any redeemed Bonds, which coupons have matured on or prior to the time fixed for redemption, shall continue to be payable to the respective holders thereof but without interest thereon. All unpaid interest payable at or prior to the date fixed for redemption upon fully registered Bonds shall continue to be payable to the respective registered owners of such Bonds, or their order, but without interest thereon.

Section 15. **Funds.** There have heretofore been created the following special trust funds:

1. Walnut Industrial Park Redevelopment Fund (the "Redevelopment Fund") held by the Treasurer;
2. Walnut Industrial Park Special Fund (the "Special Fund") held by the Fiscal Agent.

So long as any of the Bonds herein authorized, or any interest thereon, remain outstanding and unpaid, the moneys in the foregoing funds shall be used for no purpose other than those required or permitted by this resolution and the Law.

Section 16. **Disposition of Bond Proceeds; Redevelopment Fund.** The proceeds from the sale of the Bonds shall be placed in the Redevelopment Fund, except: (1) that accrued interest and premium, if any, shall be placed in the Bond Interest Account of the Special Fund; (2) that a sum equal to Maximum Annual Debt Service shall be placed in the Reserve Account of the Special Fund; and (3) that an amount equal to the purchase price of the property (\$2,829,222) as set forth in Section 3 of that agreement known as the Restated Owner Participation Agreement, dated December 18, 1975, by and between the Redevelopment Agency, Cabot, Cabot & Forbes Los Angeles Industrial Center, Inc. and John Hancock Mutual Life Insurance

Company, shall be deposited directly into the Acquisition Escrow provided for in Section 4 of said Agreement.

The moneys set aside and placed in the Redevelopment Fund shall remain therein until from time to time expended solely for the purpose of financing a portion of the cost of the Redevelopment Project and other costs related thereto, such other costs to include but not be limited to:

(a) The payment of all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvement which is publicly owned either within or without the Redevelopment Project Area, subject to the limitations of Section 33445 of the Law;

(b) The payment of necessary expenses in connection with the issuance and sale of the Bonds.

If any sum remains in the Redevelopment Fund after the full accomplishment of the objects and purposes for which said Bonds were issued, said sum shall be transferred to the Special Fund.

Section 17. Tax Revenues. As provided in the Redevelopment Plan, pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (hereinafter sometimes called "taxing agencies") after the effective date of the ordinances approving the Redevelopment Plan (being Ordinance No. 1438 adopted by the Council of the City of Compton on August 28, 1973, which ordinance became effective on September 27, 1973, as amended by Ordinance No. 1455 adopted by the Council of the City of Compton on July 20, 1974, which amending ordinance became effective on August 19, 1974) shall be divided as follows:

(1) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to September 27, 1973 (being the effective date of the ordinance above referred to) with reference to property described in the Redevelopment Plan approved by that ordinance, and the taxable property in the Redevelopment Project Area as shown upon

the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to August 19, 1974 (being the effective date of the amending ordinance above referred to) with reference to property described in the Redevelopment Plan, as amended, approved by that amending ordinance and shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid; and

(2) That portion of said levied taxes each year in excess of such amount shall be allocated to and when collected shall be paid into the Special Fund of the Agency.

The foregoing provisions of this section are a portion of the provisions of said Article 6 of Chapter 6 of the Law as applied to the Bonds and shall be interpreted in accordance with said Article 6, and the further provisions and definitions contained in said Article 6 are hereby incorporated herein by reference and shall apply.

The Tax Revenues (except that portion which the Agency may use pursuant to Section 18 hereof for any purpose authorized in said Article 6) are hereby allocated and pledged in their entirety to the payment of the principal of, interest on, and premiums payable upon redemption of, said Bonds as in this resolution provided, and until all of said Bonds, and all interest thereon, have been paid (or until moneys for that purpose have been irrevocably set aside) the Tax Revenues shall be applied solely to the payment of the Bonds, the interest thereon and premiums payable upon redemption thereof, as in this resolution provided. Such allocation and pledge is for the exclusive benefit of the holders of the Bonds and shall be irrevocable.

Section 18. Special Fund. All Tax Revenues shall be deposited in the Special Fund. The interest on the Bonds and Parity Bonds until maturity shall be paid by the Fiscal Agent from the Special Fund. At the maturity of the Bonds and any Parity Bonds, and, after all interest then due on the Bonds and Parity Bonds then outstanding has been paid or provided for, moneys in the Special Fund shall be applied to the payment of the principal of any of such Bonds and Parity Bonds.

Without limiting the generality of the foregoing and for the purpose of assuring that the payments referred to above will be made as scheduled, the Tax Revenues accumulated in the Special Fund shall be used in the following priority; provided, however, that to the extent that deposits have been made

in any of the Accounts referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

(a) *Bond Interest Account.* Deposits shall be made into the Bond Interest Account so that the balance in said Account one (1) month prior to the date of the payment of any installment of interest on the Bonds and Parity Bonds shall be equal to such installment of interest. Moneys in the Bond Interest Account shall be used for the payment of interest on the Bonds and Parity Bonds as the same become due.

(b) *Bond Payment Account.* After the deposits have been made pursuant to subparagraph (a) above, deposits shall next be made into the Bond Payment Account so that the balance in said Account one (1) month prior to the date of payment thereof shall equal the next principal payment, or payments, as the case may be, on the then outstanding serial Bonds and serial Parity Bonds. Moneys in the Bond Payment Account shall be used for the payment of the principal of such serial Bonds and serial Parity Bonds, as the same become due.

(c) *Additional Deposits Into the Bond Interest Account.* After the deposits have been made pursuant to subparagraphs (a) and (b) above, if the Tax Revenues are sufficient therefor, deposits shall next be made into the Bond Interest Account so that the balance in said Account one (1) month prior to the date of the payment of any installment of interest on the Bonds and Parity Bonds shall be equal to one (1) year's interest on the then outstanding Bonds and Parity Bonds.

(d) *Reserve Account.* After the deposits have been made pursuant to subparagraphs (a), (b) and (c) above, if the Tax Revenues are sufficient therefor, deposits shall next be made into the Reserve Account so that the balance in said Account shall equal the Maximum Annual Debt Service and the balance in said Account shall be so maintained to equal the Maximum Annual Debt Service. Moneys in the Reserve Account shall be used solely for the purpose of paying the interest and principal of the Bonds and Parity Bonds in the event that moneys in the Bond Interest Account or Bond Payment Account are insufficient therefor and for that purpose the Fiscal Agent shall withdraw and transfer moneys from the Reserve Account to the appropriate Account. Moneys in the Reserve Account may be used to pay the interest and/or principal of the last outstanding maturity of the Bonds and/or Parity Bonds so that the issue of Bonds and/or Parity Bonds will be retired.

(e) *Surplus.* It is the intent of this Resolution: (i) that the deposits in subparagraphs (a) and (b) above to the Bond Interest Account and

the Serial Bond Payment Account, respectively, shall be made as scheduled, and (ii) that the deposits in subparagraphs (c) and (d) above to the Bond Interest Account and the Reserve Account respectively, shall be made as scheduled, if and only if the Tax Revenues are sufficient therefor. Failure to make the required deposits into the Bond Interest Account, as specified in subparagraph (c) above and the Reserve Account, as specified in subparagraph (d) above, shall not be an event of default if, and only if, the Tax Revenues are insufficient therefor. Should it be necessary to defer all or part of any deposits referred to in subparagraphs (c) and (d) above, such deferred deposits shall be cumulative and shall be made when the Tax Revenues are sufficient to make the deposits required by subparagraphs (a) and (b) and thereafter make the deposits required by subparagraphs (c) and (d). If: (i) the above transfers have been made so that the required amounts are in the above mentioned Accounts as shown by a certificate or opinion of an Independent Accountant employed by the Agency and (ii) the Tax Revenues received by the Agency, on or before June 30 of each year, based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area, furnished by the appropriate officer of the County of Los Angeles, are at least equal to 1.25 times the Maximum Annual Debt Service on all Bonds, Parity Bonds and any loans, advances or indebtedness payable from Tax Revenues on a parity with the Bonds pursuant to Section 33670 of the Law, as shown by a certificate or opinion of an Independent Accountant employed by the Agency and (iii) there has been no material change in the status of the Redevelopment Project which in the opinion of an Independent Redevelopment, Fiscal and Administrative Consultant, said opinion having been filed with the Fiscal Agent, would be likely to result in diminution of increment in the succeeding fiscal year, any balances in the Special Fund may be used and applied by the Agency for any lawful purpose, including, without limitation, the purchase and/or call and redemption of Bonds and Parity Bonds.

Section 19. Deposit and Investment of Moneys in Fund. Subject to the provisions of Covenant 9 of Section 21 hereof, all moneys held in the Redevelopment Fund, and the Special Fund, except such moneys which are at the time invested, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent or any Paying Agent) and shall be secured at all times by bonds or other obligations which are authorized by law as security

for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund may be from time to time invested by the Agency, and moneys in the Special Fund held by the Fiscal Agent may, and upon written request of the Agency, shall be invested in direct obligations of the United States of America or obligations for the payment of both principal and interest of which the full faith and credit of the United States of America are pledged, subject to the following restrictions:

(a) Moneys in the Redevelopment Fund shall be invested only in obligations which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such fund.

(b) Moneys in the Special Fund shall be invested only in obligations which will by their terms mature on such dates as to insure that before each interest payment date there will be in such fund, from matured obligations and other moneys already in such fund, cash equal to the interest and principal payable on such date.

Obligations purchased as an investment of moneys in any of said funds shall be deemed at all times to be a part of such fund and the interest accruing thereon and any gain realized from such investment shall be credited to such fund and any loss resulting from any such authorized investment shall be charged to such fund without liability to the Agency or the members and officers thereof. The Agency shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund as required by this resolution. For the purpose of determining at any given time the balance in any such fund any such investment constituting a part of such fund shall be valued at the cost thereof, adjusted annually for the amortization of discount or the accumulation of premiums.

Section 20. Issuance of Parity Bonds. If at any time the Agency determines that it will not have sufficient moneys available from the sale of the Bonds and other sources to pay the costs of the Redevelopment Project, the Agency may provide for the issuance of, and sell Parity Bonds in such principal amount as it estimates will be needed for such purpose. The issuance and sale of any Parity Bonds shall be subject to the following conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in this Resolution.

(b) Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area, furnished by the appropriate officer of the County of Los Angeles, plus at the option of the Agency, the item hereinafter designated (i) are at least equal to 1.25 times the Maximum Annual Debt Service on all Bonds, Parity Bonds and any loans, advances or indebtedness payable from Tax Revenues pursuant to Section 33670 of the Law, which will be outstanding following the issuance of such Parity Bonds.

(i) The item which may be added for the purpose of applying the above restriction is an allowance for estimated annual additional Tax Revenues to be received by the Agency within any of the three Fiscal Years following the date the computation is made due to increases in assessed valuation of taxable property in the Redevelopment Project Area resulting from construction in progress on the date such computation is made, all as shown by the certificate or opinion of an Independent Redevelopment, Fiscal and Administrative Consultant employed by the Agency. As used herein, "construction in progress" means: (aa) construction for which a building permit has been issued and there is evidence of construction activity on the site, and/or (bb) construction as to which a binding contract therefor, with a 100% faithful performance bond, has been executed between the Agency and a developer deemed financially responsible by an Independent Redevelopment, Fiscal and Administrative Consultant.

(c) The resolution providing for such Parity Bonds shall require that from the proceeds of the sale thereof there shall be deposited in the Special Fund in the Reserve Account a sum sufficient to bring said Reserve Account up to the Maximum Annual Debt Service.

(d) The Parity Bonds shall be serial Bonds and/or term Bonds, the maturities of which shall be on August 1, and the interest thereon shall be payable semiannually on February 1 and August 1, and they shall not be subject to call and redemption prior to maturity before August 1, 1986.

Notwithstanding the foregoing, if there is a material change in the date or dates upon which the Tax Revenues are paid into the Special Fund, and if the Agency is in compliance with all covenants set forth in this Resolution, it may provide for and sell notes, maturing in less than one year (hereinafter referred to as "short term notes"), in anticipation of the receipt of Tax Revenues, for the purpose of enabling the Agency to pay interest on the

Bonds coming due in the same Fiscal Year in which the short term notes are issued; and, in such case, the Tax Revenues received thereafter shall be first applied to the repayment of the principal, premium, if any, and interest on such short term notes.

Section 21. Covenants of the Agency. The Agency shall preserve and protect the security of the Bonds and the rights of the bondholders and defend their rights against all claims and demands of all persons. Until such time as an amount has been set aside sufficient to pay at maturity, or to call prior to maturity, all outstanding Bonds, plus unpaid interest thereon to maturity, or to the call date, the Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this resolution or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the bondholders:

1. The Agency covenants and agrees that it will diligently carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but no amendment shall be made which would substantially impair the security of the Bonds or the rights of the bondholders.

2. The Agency covenants and agrees that the proceeds of the sale of said Bonds will be deposited and used as provided in this resolution and that it will manage and operate all properties owned by it and comprising any part of the Redevelopment Project in a sound and businesslike manner.

3. The Agency covenants and agrees that, except as permitted in Section 20 hereof, it will not issue any other obligations payable, principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues superior to or on a parity with the lien of the Bonds herein authorized and the interest coupons pertaining thereto; provided, however, that nothing in this resolution shall prevent the Agency from issuing and selling pursuant to law refunding bonds or other refunding obligations payable from and having a first lien upon the Tax Revenues if such refunding bonds or other refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Bonds authorized by this resolution and then outstanding.

4. The Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued hereunder together with the premium thereon if any be payable on the date, at the place and in the manner provided in said Bonds and the interest coupons pertaining thereto, solely from the Tax Revenues and other funds as herein provided.

5. The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom and will pay all lawful claims for labor, material and supplies which if unpaid might become a lien or charge upon any of said properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other funds to pay the principal of and interest thereon, all to the end that the priority and security of said Bonds shall be preserved; provided that nothing in this paragraph shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

6. The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds herein provided for, and will prepare within 120 days after the close of each of its fiscal years a complete financial statement or statements for such year in reasonable detail covering such Redevelopment Project, Tax Revenues and other funds and certified by a certified public accountant or firm of certified public accountants selected by the Agency, and will furnish a copy of such statement or statements to any bondholder upon written request.

7. The Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the net proceeds realized by the Agency therefrom will be deposited in the Special Fund and used and applied for the purpose of paying principal of and interest on said Bonds as in this resolution provided.

8. The Agency covenants and agrees that it will not dispose of more than 10% of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the

date this resolution is adopted as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, easements or rights of way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt if as a result of such disposition the security of the Bonds or the rights of the bondholders would be substantially impaired in the opinion of an Independent Redevelopment, Fiscal and Administrative Consultant.

9. The Agency covenants and agrees that it will protect and defend the security of the bonds and the rights of the bondholders and will take no action to impair the tax exempt status of the bonds.

10. The Agency covenants and agrees that no use will be made of the proceeds of the Bonds which, if such use had been reasonably expected on the date of the Bonds, would have caused the Bonds to be arbitrage bonds. The Agency further covenants that it will comply with the requirements of Section 103(d) of the Internal Revenue Code and the regulations adopted thereunder throughout the term of the issue.

Section 22. Taxation of Leased Property. Whenever any property in the Redevelopment Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than the City of Compton or any public instrumentality thereof) or whenever the Agency leases real property in the Redevelopment Project Area to any person or persons (other than the City of Compton or any public instrumentality thereof) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Health and Safety Code, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on such property in any year during the term of the lease are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Tax Revenues, and when received by the Agency shall be deposited in the Special Fund.

Section 23. Fiscal Agent and Paying Agents. The Agency hereby appoints United California Bank as Fiscal Agent to act as the agent and depository of the Agency for the purpose of receiving Tax Revenues and other

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funds as provided in this resolution, to hold, allocate, use and apply such Tax Revenues and other funds as provided in this resolution, and to perform such other duties and powers of the Fiscal Agent as are prescribed in this resolution.

The Agency may remove the Fiscal Agent initially appointed or any successor thereto and in such case shall forthwith appoint a successor thereto but any successor shall be a bank or trust company doing business and having an office in The City of Los Angeles, having a combined capital and surplus of at least \$50,000,000. The Fiscal Agent herein appointed or any substituted Fiscal Agent may at any time resign as such by writing filed with the Agency in which event the Agency shall forthwith appoint a substitute Fiscal Agent and the resignation shall become effective upon such appointment. In the event that the Fiscal Agent or any successor becomes incapable of acting as such the Agency shall forthwith appoint a substitute Fiscal Agent. Any bank or trust company into which the Fiscal Agent may be merged or with which it may be consolidated shall become the Fiscal Agent without action of the Agency. A Fiscal Agent may become the owner of any of the Bonds authorized by this resolution or any of the coupons appurtenant thereto with the same rights it would have had if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of or to exercise diligence in the enforcement of the collection of funds assigned to it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The recitals of fact and all promises, covenants and agreements herein and in the Bonds of said authorized issue contained shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this resolution or of the Bonds or coupons, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

The Agency shall, during the life of the Bonds, provide for Paying Agents, at least one in Chicago, Illinois, and at least one in New York, New York, at the office of which the Bonds and coupons are payable at the option of the holder.

Section 24. Lost, Destroyed or Mutilated Bonds. In the event that any Bond or any interest coupon pertaining thereto is lost, stolen, destroyed or mutilated, the Agency will cause to be issued a new Bond or coupon similar to the original to replace the same in such manner and upon such reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the Agency deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The Agency may authorize such new Bond or coupon to be signed and authenticated in such manner as it determines in said resolution.

Section 25. Cancellation of Bonds. All Bonds and coupons surrendered to the Fiscal Agent or any Paying Agent for payment upon maturity or for redemption shall upon payment therefor be cancelled immediately and forthwith transmitted to the Treasurer. All of the cancelled bonds and interest coupons shall remain in the custody of the Treasurer until destroyed pursuant to authorization.

Section 26. Amendments Without Consent of Bondholders. The Agency may, from time to time and at any time, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this resolution or in any supplemental resolution, or

(b) to grant to or confer upon the Fiscal Agent for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Fiscal Agent.

Section 27. Amendments with Consent of Bondholders. This resolution, and the rights and obligations of the Agency and of the holders of the Bonds and coupons issued hereunder, may be modified or amended at any time by supplemental resolution adopted by the Agency with the consent of bondholders holding at least sixty per cent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the Agency or the City of Compton, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express consent of the holder or registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date, reduce the premium payable upon redemption thereof, extend its maturity or the times for paying interest thereon

or change the monetary medium in which principal and interest is payable, nor shall any such modification or amendment reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the holders of all of the Bonds and interest coupons, whether such coupons be attached to Bonds or detached therefrom, and shall not be deemed an infringement of any of the provisions of this resolution or of said Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this resolution, and after such consent relating to such specified matters has been given, no bondholders or holder of any interest coupon, whether attached to a Bond or detached therefrom, shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto.

If the Agency shall desire to obtain any such consent, it shall cause notice to be published in a financial newspaper or journal of national circulation published in The City of New York, New York. If any of the Bonds shall be registered, the Agency shall cause the Fiscal Agent to mail a similar notice, postage prepaid, to the respective registered owners thereof at their addresses appearing on the bond registry books.

Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that a copy thereof is on file at the office of the Fiscal Agent for inspection by all bondholders. The Fiscal Agent shall not, however, be subject to any liability to any bondholders by reason of his failure to mail the notice required by this section, and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this section.

Whenever at any time within one year after the date of the publication of such notice, the Agency shall receive an instrument or instruments purporting to be executed by the holders of not less than sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of Bonds, if any, owned by the Agency or the City of Compton), which instrument or instruments shall refer to the proposed supplemental resolution described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Fiscal Agent, thereupon, but not otherwise, the Agency may adopt such supplemental resolution in substantially such form, without liability

or responsibility to any holder of any Bonds, whether or not such holder shall have consented thereto.

Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this resolution shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 28. **Forms of Bonds.** The bearer Bonds and the interest coupons pertaining thereto and the fully registered Bonds, form of registration to appear on fully registered Bonds and the form of assignment shall be substantially as hereinafter set forth with necessary or appropriate variations, omissions and insertions as permitted or required by this resolution.

[FORM OF BEARER BOND]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON

1976 WALNUT INDUSTRIAL PARK PROJECT
TAX ALLOCATION BOND

No. _____

\$5,000

The COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON (hereinafter sometimes called the Agency), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the bearer, on August 1, ____ (subject to right of prior redemption as hereinafter stated), upon presentation and surrender of this bond, the sum of FIVE THOUSAND DOLLARS (\$5,000), with interest thereon (payable solely from said funds) from the date hereof at the rate of ____% per annum, interest payable semiannually on the first day of August and the first day of February of each and every year, except that interest for the first year shall be paid on February 1, 1977, until this bond is

paid, upon presentation and surrender of the respective interest coupons hereto attached; provided, however, that if the maturity date of this bond or, if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in the resolution hereinafter mentioned, this bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America at the main office of United California Bank, Fiscal Agent for the Agency, in Los Angeles, California, or San Francisco, California, or, at the option of the holder hereof, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

This bond, the interest thereon, or any premium payable upon the redemption thereof, are not a debt of the City of Compton, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be paid out of any funds or properties other than the funds of the Agency hereinafter mentioned. This bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this bond are liable personally on this bond by reason of its issuance.

This bond is one of a duly authorized issue of bonds of the Agency designated "1976 Walnut Industrial Park Project, Tax Allocation Bonds" (hereinafter called "the bonds"), limited in aggregate principal amount to \$10,000,000, all of like tenor (except for bond numbers) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of financing a portion of the cost of the redevelopment project above designated, and are authorized by and issued pursuant to the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency Resolution No. 24 (hereinafter called "the resolution") adopted on February 3, 1976, and all of the bonds are equally secured in accordance with the terms of the resolution, reference to which is hereby made for a specific description of the security therein provided for said bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the

benefit of the bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this bond the holder thereof and of the coupons attached hereto assents to all of the terms, conditions and provisions of said resolution. In the manner provided in the resolution, said resolution and the rights and obligations of the Agency and of the holders of said bonds and coupons, may (with certain exceptions as stated in said resolution) be modified or amended with the consent of the holders of at least 60% in aggregate principal amount of outstanding bonds, exclusive of issuer-owned bonds.

The principal of this bond, the interest thereon, and any premium payable upon redemption thereof are secured by an irrevocable and first pledge of, and are payable solely from, the Tax Revenues (as such term is defined in the resolution) and other funds, all as more particularly set forth in the resolution.

This bond is callable and redeemable prior to maturity in accordance with the provisions for redemption endorsed hereon.

This bond and the coupons hereto attached are negotiable instruments and shall be negotiable by delivery. This bond (issued in the form of a bearer bond and herein sometimes referred to as "bearer bond"), is not registrable by endorsement. Fully registered bonds may be exchanged for a like aggregate principal amount of bearer bonds of the same series, interest rate and maturity bearing all unmatured coupons or for a like aggregate principal amount of fully registered bonds of other authorized denominations of the same series and bearer bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of fully registered bonds of authorized denomination of the same series.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this bond to be signed on its behalf by its Chairman by his facsimile signature and by its Secretary and the seal of said Agency to be impressed, imprinted or reproduced hereon, and the interest coupons hereto attached to be signed by said

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Secretary by his facsimile signature and this bond to be dated the first day of February, 1976.

Chairman of the Community Redevelopment
Agency of the City of Compton

(SEAL)

Secretary of the Community Redevelopment
Agency of the City of Compton

[COUPON FORM]

On the first day of _____, 19__

The COMMUNITY REDEVELOPMENT AGENCY OF
THE CITY OF COMPTON, subject to the provisions
on the reverse hereof, will pay to bearer, at the Coupon No. ____
main office of United California Bank, Fiscal Agent
for the Agency, in Los Angeles, California, or San
Francisco, California, or, at the option of the hold-
er, at the office of any Paying Agent of the
Agency in New York, New York, or Chicago,
Illinois, solely out of the funds mentioned in the
bond to which this coupon is attached, the sum of \$_____
in lawful money of the United States of America, being
the semiannual interest then due on its 1976 WALNUT
INDUSTRIAL PARK PROJECT, TAX ALLOCATION BOND,
dated February 1, 1976. No. _____

Secretary of the Community Redevelopment
Agency of the City of Compton

[REVERSE OF COUPON]

If the bond to which this coupon is attached is duly called for redemp-
tion on a date prior to the maturity date of this coupon, this coupon will
be void.

PROVISIONS FOR REDEMPTION

This bond is redeemable at the price, in the manner, subject to the terms and provisions, and with the effect, set forth in the resolution of the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency of the City of Compton, referred to on the face of this bond, at the option of said Agency, on August 1, 1986, or on any interest payment date thereafter prior to maturity.

[FORM OF FULLY REGISTERED BOND]

Fully Registered Bond

No. R _____

Bearer Bond Nos. _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON

1976 WALNUT INDUSTRIAL PARK PROJECT
TAX ALLOCATION BOND

The COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON (hereinafter sometimes called the Agency), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to _____ or registered assigns on August 1, ____ (subject to the right of prior redemption hereinafter mentioned), the principal sum of _____ Dollars (\$____), together with interest thereon from the interest payment date next preceding the date hereof (unless the date hereof is prior to February 1, 1977, in which event from February 1, 1976, or unless this bond is dated August 1 or February 1, in which event from the date hereof) at the rate of ____% per annum, interest payable semiannually on the first day of August and the first day of February of each and every year except interest for the first year which shall be paid on February 1, 1977, until this bond is paid; provided, however, that if at the maturity date of this bond or, if the same is

duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in the resolution hereinafter mentioned, this bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America at the main office of United California Bank, Fiscal Agent for the Agency, in Los Angeles, California, or San Francisco, California, or, at the option of the holder hereof, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

This bond, the interest thereon, or any premium payable upon the redemption thereof, are not a debt of the City of Compton, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be payable out of any funds or properties other than the funds of the Agency hereinafter mentioned. This bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this bond are liable personally on this bond by reason of its issuance.

This bond is one of a duly authorized issue of bonds of the Agency designated "1976 Walnut Industrial Park Project, Tax Allocation Bonds" (hereinafter called "the bonds"), limited in aggregate principal amount to \$10,000,000, all of like tenor (except for bond numbers and dates) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of financing a portion of the cost of the redevelopment project above designated, and are authorized by and issued pursuant to Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency Resolution No. 24 (hereinafter called "the resolution") adopted on February 3, 1976, and all of the bonds are equally secured in accordance with the terms of the resolution, reference to which is hereby made for a specific description of the security therein provided for said bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this bond the holder thereof and of the coupons attached hereto assents to all of the terms, conditions and provisions of said resolution. In the manner

provided in the resolution, said resolution and the rights and obligations of the Agency and of the holders of said bonds and coupons, may (with certain exceptions as stated in said resolution) be modified or amended with the consent of the holders of 60% in aggregate principal amount of outstanding bonds, exclusive of issuer-owned bonds.

The principal of this bond, the interest thereon, and any premium payable upon redemption thereof are secured by an irrevocable and first pledge of, and are payable solely from, the Tax Revenues (as such term is defined in said resolution) and other funds, all as more particularly set forth in the resolution.

This bond is callable and redeemable prior to maturity in accordance with the provisions for redemption endorsed hereon.

This bond is issued in fully registered form (herein sometimes referred to as "fully registered bond") and is non-negotiable. This bond may be exchanged for a like aggregate principal amount of bearer bonds of the same series, interest rate and maturity bearing all unmatured coupons or for a like aggregate principal amount of fully registered bonds of other authorized denominations of the same series, interest rate and maturity and bearer bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of fully registered bonds of authorized denominations of the same series, interest rate and maturity.

This bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the main office of the Fiscal Agent in the City of Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the resolution, and upon surrender and cancellation of this bond. Upon such transfer a new registered bond of authorized denomination or denominations for the same aggregate principal amount of the same series, interest rate and maturity will be issued to the transferee in exchange herefor. The Agency and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

This bond shall not be entitled to any benefit under the resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this bond to be signed on its behalf by its Chairman by his facsimile signature and by its Secretary and the seal of said Agency to be impressed, imprinted or reproduced hereon, and the interest coupons hereto attached to be signed by said Secretary by his facsimile signature and this bond to be dated the _____ day of _____, 19_____.

Chairman of the Community Redevelopment
Agency of the City of Compton

(SEAL)

Secretary of the Community Redevelopment
Agency of the City of Compton

[FORM OF CERTIFICATE OF AUTHENTICATION
ON FULLY REGISTERED BONDS]

This is one of the bonds described in the within-mentioned resolution.

UNITED CALIFORNIA BANK,
Fiscal Agent

By

[FORM OF ENDORSEMENT ON REGISTERED BONDS]

This registered bond, issued in fully registered form without coupons, is issued in lieu of or in exchange for bearer bond(s) of this issue of the denomination of \$5,000 and bearing the bond numbers shown on the face hereof, each not contemporaneously outstanding, aggregating the face value hereof; and bearer bonds of this same issue and of the denomination of \$5,000 and bearing the numbers above referred

to, have been reserved and will be issued in exchange for this bond in the manner, with the effect and under the terms and conditions stated on the face of the bond and in the resolution referred to therein.

[FORM OF ASSIGNMENT]

For value received _____ hereby sells, assigns and transfers unto _____ the within-mentioned bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

PROVISIONS FOR REDEMPTION

This Bond is redeemable at the price, in the manner, and subject to the terms and provisions, and with the effect, set forth in the resolution of the Compton Urban Community Development Commission, Acting as the Community Redevelopment Agency of the City of Compton, referred to on the face of this bond, at the option of said Agency, on August 1, 1986, or on any interest payment date thereafter prior to maturity.

Section 30. **Proceedings Constitute Contract.** The provisions of this resolution, of the resolutions providing for the sale of the Bonds and awarding the Bonds and fixing the interest rate or rates thereon, and of any other resolution supplementing or amending this resolution and adopted prior to the issuance of the Bonds hereunder, shall constitute a contract between the Agency and the bondholders and the provisions thereof shall be enforceable by any bondholder for the equal benefit and protection of all bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California.

No remedy conferred hereby upon any bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law of the State of California. No waiver of any default or breach of duty or contract by any bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and should said suit, action or proceeding be abandoned, or be determined adversely to the bondholders, then, and in every such case, the Agency and the bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this resolution and supplementary resolutions thereto shall be irrevocable, but shall be subject to modification or amendment to the extent and in the manner provided in this resolution, but to no greater extent and in no other manner.

Section 31. Defeasance. If the Agency shall pay or cause to be paid, or shall have made provision to pay, or there shall have been set aside in trust funds to pay, to the holders of the Bonds and coupons, the principal and interest, and premium, if any, to become due thereon, then the pledge of the Tax Revenues and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or coupons for the payment and discharge of which upon maturity, or upon redemption prior to maturity, provision has been made through the setting apart in a reserve fund or special trust account created pursuant to this resolution or otherwise to insure the payment thereof, of money sufficient for the purpose or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account of moneys sufficient therefor, including, but not limited to, interest earned or to be earned on direct obligations of the United States of America or bonds or other obligations for which the full faith and credit of the United States of America are pledged for the payment of principal and interest, or other investments which are authorized investments of the Agency, shall, as provided herein,

no longer be deemed to be outstanding and unpaid; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Agency shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly given or provision made for the giving of such notice; and provided, further, that, if the maturity or redemption date of any such Bond shall not have arrived, provision shall have been made by the Agency by deposit, for the payment to the holder of any such Bonds and coupons, upon surrender thereof, whether or not prior to the maturity or redemption date thereof, of the full amount to which they would be entitled by way of principal, premium, if any, or interest to the date of such maturity or redemption, including in the computation of said full amount any interest to be earned by way of investment of said deposit, as provided below, and provision shall have been made by the Agency, for the publication, in a financial newspaper or journal published in New York, New York, of a notice to the holders of such Bonds and coupons that such moneys are available for such payment.

Moneys held for payment or redemption in accordance with the provisions of this section shall be invested in direct obligations of the United States of America, or bonds or other obligations for which the full faith and credit of the United States of America are pledged for the payment of principal and interest, or other investments which are authorized investments of the Agency, to mature or be withdrawable, as the case may be, not later than the time when needed for such payment or redemption. Net interest earned on such investments may be paid to the Agency or may be used for the payment or redemption of Bonds and to the extent permitted by law may be considered as adequate provision for payment.

Section 32. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this resolution, or if the application thereof to any person or circumstances, is held to be unconstitutional, invalid or unenforceable, the remainder of this resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected, and this resolution and the Bonds issued pursuant hereto shall remain valid and the bondholders shall retain all valid rights and benefits accorded to them under this resolution and the Constitution and laws of the State of California.

If any provision relating to the duties of the Fiscal Agent are held to be unconstitutional, invalid or unenforceable, said duties shall be performed by the Treasurer.

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Section 33. **Effective Date.** This resolution shall take effect upon adoption.

PASSED AND ADOPTED this 3rd day of February, 1976.

Chairman of the Community Redevelopment Agency
of the City of Compton, California

Secretary

(Seal)



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